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**United States Department of State  
and the Broadcasting Board of Governors  
Office of Inspector General**

# Report of Inspection

## **Embassy Moscow, Russia, and Constituent Posts**

**Report Number ISP-I-07-15A, March 2007**

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## KEY JUDGMENTS

- Under the Ambassador's masterful leadership, Embassy Moscow has been hugely influential in improving both the tone of bilateral relations and the degree of access to Russian government policymakers despite the continuing policy disputes between Russia and the United States.
- The Ambassador has astutely focused Washington policymakers' attention on areas where the U.S. government can find common ground with a Russian government determined to reassert itself on the global stage.
- The Russian government is increasingly critical of U.S. policies and is restricting press freedom and the development of nongovernmental civil society. To counter this trend, the Ambassador has made public diplomacy a mission-wide priority. The public affairs section is fully engaged in implementing every tool of public diplomacy to support the effort to include the innovative use of its 32 American Corners and American Centers.
- The Ambassador is determined to streamline a mission that has grown too large. So far, most reductions have affected only Department of State (Department) offices. To continue this rightsizing initiative, the other agencies will need to reduce staffing levels as well.
- Embassy Moscow has improved coordination of U.S. assistance programs to Russia. Plans to phase out some U.S. Agency for International Development (USAID) assistance have been placed on hold until the mission receives new guidance from the Under Secretary for Assistance.
- Stringent, but necessary, security-driven restrictions on the use of Russian national employees force the Department to use cleared American staff to perform many jobs normally performed by Foreign Service nationals (FSN), thus creating extra layers of administrative processing and driving up operating costs.
- Management operations are very well run, providing good support to its constituents as evidenced by the high workplace and quality of life scores received.
- The embassy turns out an impressive volume of quality economic and political work that is highly valued by Washington end users, but a growing number of positions in these areas are filled by entry-level officers (ELO) who arrive without sufficient language or tradecraft training. This has forced the mission to divert resources from production to internal training, including immersion language training outside Moscow.

- The embassy runs an excellent immersion language training program in the city of Tver, a best practice that has improved the language ability of ELOs, mid-grade officers, and eligible family members (EFM) at post.
  - The exceptionally high official visitor workload in both Moscow and St. Petersburg leaves many substantive officers at both posts with insufficient time to perform their core work responsibilities.
  - The Ambassador and deputy chief of mission (DCM) put a high premium on close interagency cooperation, making the efforts of all elements of the mission more effective.
  - All four consular operations provide good customer service, and officers exhibit high morale despite inadequate or antiquated facilities. The Moscow and St. Petersburg consular sections, however, are overstaffed and have not focused on programmatic efficiencies and standardization.
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- Some nonforeign affairs agency staff members are housed in units owned by the U.S. government even though some foreign affairs agency staff are housed in short-term leased housing paid for by the Department's leasehold account. Elimination of this practice could save the Department as much as \$750,000 annually.

The inspection took place in Washington, DC, between September 5 and 27, 2006; in Moscow, Russia, between October 2 and November 21, 2006; in Vladivostok, Russia, between September 23 and 29, 2006; in St. Petersburg, Russia, between October 5 and 15, 2006; and in Yekaterinburg, Russia, between October 10 and 13, 2006. Ambassador Eileen A. Malloy (team leader), Leslie Gerson (deputy team leader), William R. Belcher, Eric Chavera, Bohdan Dmytrewycz, Ernest J. Fischer, Michael S. Lynch, Dennis M. Matthews, Keith McCormick, Kristene McMinn, Matthew J. Ragnetti, Charles A. Rowcliffe, Richard Saunders, Peter Stella, Robert Torres, Moosa A. Valli, Marilyn Wanner, and Francis B. Ward conducted the inspection.

## CONTEXT



The end of the Cold War and the breakup of the Soviet Union changed the dynamic of bilateral relations with the Russians and led many Americans (mistakenly) to assume that the Russian Federation was far less important to the United States than the Union of Soviet Socialist Republics had been. The once mighty Soviet bear appeared humbled by the loss of its sway over East and Central European states, diminished

by the loss of its territory to the newly independent states, and hobbled by severe economic and demographic weaknesses. In reality, the U.S.-Russian relationship is more significant for American interests today, and more complicated to manage, than at any point in the 15 years since the breakup of the Soviet Union.

More than a decade of intensive bilateral cooperation and assistance to include efforts to safeguard Soviet-era weapons of mass destruction have fostered new forms of cooperation between U.S. and Russian technical experts but also have fed suspicions by some Russian citizens who felt that Americans were taking advantage of Russia's temporary weakness to create a unipolar world. Russia's massive energy reserves, its ability to sell large quantities of oil and gas on the world market, and strong, sustained consumer demand at home (spurred in large part by its emerging middle class) have turned the tide on its economic recession, though many of the underlying structural problems remain unremedied. Since 2000, Russia has been an economic success story with gross domestic product growth of six to seven percent in each of the last eight years. This infusion of wealth has allowed the Russian Federation government to pay its current social benefits obligations and to begin to pay down its large arrearages, to invest in its aging energy infrastructure, and to clear its Paris Club debts in advance of their due dates. President Vladimir Putin hosted the G-8 Summit in St. Petersburg in June 2006, and he is determined to gain entry for Russia into the World Trade Organization before he steps down at the end of his term of office in 2008.

The Russian bear has awoken and is now determined to show that it is a force to be reckoned with on international issues ranging from the Middle East, where it has just sent a battalion of engineers to help reconstruct Lebanon, to North Korea, where its UN Security Council vote will be key, and to Iran, where it remains the supplier of choice of civilian nuclear technology. Russia is trying to develop healthy relations with historic rivals China and Japan and is cooperating with the U.S. government to combat transnational threats such as narcotics trafficking, international terrorism, and radical Islamist ideologies. Russian President Putin enjoys enormous popularity at home (with an over 75 percent approval rating) and is generally credited with the restoration of Russia's image as a global force.

The Russian Federation is the largest country in the world in terms of area, but its approximately 145 million people are concentrated in the Western (European) region, leaving the Far East and Siberia sparsely populated. A rapidly growing HIV/AIDS epidemic and a deep demographic crisis pose serious threats to Russia's long-term stability and economic development. Spanning 11 time zones, Russia extends from Central Europe through the Caucasus, Central Asia, and Siberia to the Pacific and borders on 14 different countries. Over 130 ethnic and religious groups, including some 16 million Muslims, populate it.

Embassy Moscow operates in an unusual limbo where stretch Hummer limousines are the cars of choice for the new Russian elite, but the simple act of requesting a meeting with a Russian official requires several days advance notice and the preparation of a formal diplomatic note. Russian officials cannot or will not discuss business over the telephone or via e-mail, making even the simplest inquiry time consuming and frustratingly difficult in a city where traffic snarls make trips of less than a mile an hour-long ordeal. Nonetheless, the mission has initiated an ambitious plan to rationalize staff levels, to maximize the efficiency of remaining staff, and to expand the outreach and reporting activities of all mission elements. This is taking place against the backdrop of the Department's own plans for transformational diplomacy. Embassy Moscow has given up a number of positions as part of the first round of global repositioning. The officers filling those positions will start to depart post (and will not be replaced) in 2007. The policy and program implementation section of this report will discuss in more detail the impact these staff reductions will have on this embassy's ability to perform its reporting and analysis responsibilities in the difficult Russian operating environment.

The embassy includes over 352 direct-hire U.S. employees, 92 contract employees from Pacific Architects & Engineers (PAE), 84 EFMs, and 1,251 FSNs. Twelve U.S. cabinet departments and other agencies maintain permanent offices at the embassy resulting in 38 International Cooperative Administrative Support Services (ICASS)

cost centers. In addition to the embassy in Moscow there are three consulates general – in St. Petersburg, Yekaterinburg, and Vladivostok. Each of the constituent posts is responsible for enormous, geographically diverse consular districts. In Moscow there are a number of separate facilities located off the chancery compound such as the National Aeronautics and Space Administration (NASA) offices, US&FCS, and a warehouse. The embassy also supports 32 American Corner and American Center sites located across Russia, mainly at libraries and universities.



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## EXECUTIVE DIRECTION

A seasoned Career Minister Ambassador and an experienced senior Foreign Service DCM do a masterful job of leading what is arguably one of the U.S. government's most important and most complex Foreign Service missions. Both arrived at the embassy in 2005, just in time to take the helm of a bilateral relationship that had dropped below Washington's radar screen but that was increasingly important to the resolution of virtually every threat to U.S. national security from Iran to North Korea to energy security to nuclear nonproliferation. Despite significant bilateral policy differences, the Ambassador has minimized the impact on U.S. interests – both national security and U.S. business – of Russian muscle flexing, seeking out ways to keep the door open for future cooperation. Support for the recently concluded negotiations on a U.S.-Russian bilateral protocol on World Trade Organization accession and the long drawn out Boeing aircraft sales to Russia's national airline are just two examples of the Ambassador's deftly nuanced leadership.

Due to the Ambassador's sustained focus on improvements in quality of life factors, Embassy Moscow has evolved from a traditional hardship post to one where most officers are pleased to work. Members of the country team characterize interagency dynamics as unusually cooperative and productive. Several heads of agency with many decades of service commented that Embassy Moscow had a more cohesive and effective interagency process than any other embassy where they have worked, something they attribute to the personal efforts of the Ambassador and the DCM. Country team meetings are held twice a week and rarely exceed 30 minutes, even though attendance is broad with most of the 38 serviced ICASS agencies represented. Information flow from the Ambassador down to the working sections is quite good, with the Ambassador and the DCM briefing the country team on all high-level meetings and hosting regular town hall and issue-specific meetings to provide information to the larger embassy community. Active community liaison, regional security, and management offices all assist the Ambassador in the efficient dissemination of information within the embassy community.

The Ambassador set out on an aggressive streamlining of U.S. staffing in Russia even before the Department began its internal planning for its transformational diplomacy shifts of resources. Embassy Moscow volunteered to offer up more than 10 Department positions in the first round of transformational diplomacy shifts and has a plan for other agencies at post to reduce their presence similarly over the next few years. USAID is adjusting its programmatic activities to phase out most of its

economic transition assistance and to focus its resources on democratic development and health. It will adjust its Russia-based staff as this transition plays out with U.S. citizen personal services contractor and some FSN position reductions. The Defense attaché's office is also scheduled to reduce its staffing over the next year. The proposed consolidation of some administrative support services currently provided by two or more agencies at post should also allow for a reduction in the total number of embassy staff members. It is important that other agencies follow through on these planned staffing reductions. The Department staffing reductions can only take place if the overall U.S. government presence in Russia is downsized.

Any rightsizing examination of U.S. diplomatic activities in Russia must take into account the extraordinary workload borne by the embassy in Moscow and the consulate general in St. Petersburg generated by the incessant stream of high-level official visitors. During the inspection period alone those two posts, which had only just recovered from the St. Petersburg G-8 Summit, hosted separate visits by the President, the Secretary of State, the Acting Secretary of Transportation, the new Chairman of the Joint Chiefs of Staff, two visits by the Assistant Secretary for European Affairs, the Senior Director for Russian Affairs at the National Security Council, the Under Secretary for Global Affairs, as well as an intense round of bilateral talks on Russian's entrance into the World Trade Organization, and numerous other high visibility delegations. The steady pace of Congressional delegations to both Moscow and to St. Petersburg provides the embassy with regular opportunities to influence the viewpoints of individual members of Congress, but these visits also add to the time mission officers must be drawn away from their assigned responsibilities to support official visitors. If the quantity of official visitors to Russia cannot be constrained, especially the number of weekend visits with minimal official programs, the Department's hopes for further streamlining of the official presence in Russia may not be feasible.

The Ambassador and the DCM take their responsibilities for the safety and security of all Americans working in Russia under Chief of Mission authority very seriously. They provide the regional security officer (RSO) with excellent support for what may be the most intense security policy at any Foreign Service post (see the classified annex to this report for a discussion of the security challenges facing this embassy). Both the Ambassador and the DCM set a high standard in their own personal security practices, and they encourage mission staff to follow their example. Likewise, both exhibit strong support for the goals and objectives of the U.S. government's Equal Employment Opportunity program. The mission has a diverse workforce, but female officers are noticeably well represented among senior Department officers to include the heads of the political, economic, and law enforcement sections. One of the three consuls general is a woman.

The ELOs at Embassy Moscow are well served by having such a diverse group of mentors. Most ELOs report satisfaction with the attention given to their adjustment and training. The Ambassador has a rotational ELO position in the front office in order to provide a series of ELOs with the opportunity to work one-on-one with him and with the DCM—a valuable training experience. For example, during the inspection the Ambassador traveled to the regional city of Volgograd, taking the new ELO staff assistant with him as a note taker. The DCM regularly meets with ELOs as a group. He presently is working with heads of section to develop an in-house tradecraft training program to help fill in some of the training gaps caused by the Foreign Service's need to assign ELOs to mid-level positions. Consular ELOs, who work in the former chancery building with its unsafe and cramped conditions, are less satisfied with their physical work environment, but this is balanced to a certain extent by the highly effective mentoring qualities of the counselor for consular affairs. ELOs in the substantive sections feel a greater sense of connection to the embassy's Mission Performance Plan (MPP) goals and objectives but, as is fairly common among those officers recruited since September 11, 2001, express impatience with the embassy's hierarchical structure and its antiquated (by their standards) technology.

Embassy Moscow has produced an extensive MPP document outlining the top priority goals of enhancing the development of democracy and a rule-of-law economy in Russia while simultaneously working closely with the Russians to minimize proliferation risks and to stabilize regional conflicts. Office of Inspector General (OIG) inspectors concurred with the MPP goals and strategies. The Ambassador, DCM, and all of the counselors and heads of agencies devote extensive resources to public diplomacy, and the tools public diplomacy provides are well integrated into the MPP text. Mission Russia supports 32 American Corners and American Centers, each of which performs as a freestanding public diplomacy platform. The public affairs section of this report will discuss the success and the needs of these facilities in more detail.

## **RIGHTSIZING**

The embassy has made a vigorous drive to streamline the mission that resulted in a significant reduction in staffing, primarily of Department positions. Moreover, the mission provided 10 positions for reprogramming as part of the first round of the Secretary's Global Repositioning Initiative. Clearly, difficult decisions have already been made. As noted in the section on economic affairs, the USAID program in Russia is officially transitional because of Russia's strong economic recovery,

but plans to phase it out were put on hold in 2006 pending new guidance from the Director of U.S. Foreign Assistance. Noteworthy was the mission's ability to modify the numbers for a NOX from 304 desks to 250. This should allow for the entire staff to be colocated on a single Embassy Moscow compound. The Department of Homeland Security (DHS) reopened its U.S. Secret Service office in Moscow in October 2006, expanding the DHS footprint to include the U.S. Citizenship and Immigration Services (CIS), U.S. Immigration and Customs Enforcement, and the U.S. Secret Service. Further reductions, particularly positions in the administrative support platform of the Department, are unwise unless the numbers in other agencies are reduced.

Unlike most other missions, Moscow cannot be rightsized through the replacement of U.S. positions with theoretically less expensive local hires. The classified annex to this report discusses these challenges in detail. Moscow has a cadre of American contract personnel who perform duties normally reserved for locally employed (LE) staff. This cadre was created because of a strict requirement to deny access to sensitive areas of the chancery by uncleared personnel. Having the American contract employees is an expensive but necessary proposition.

The OIG inspectors found generous consular staffing in both Moscow and St. Petersburg. The consular report section recommends some reductions to Department staffing in those operations. Conversely, the inspectors found staffing in the Moscow information management (IM) section to be below that needed to maintain acceptable levels of performance. The IM section of the report recommends an addition to that unit.

The National Security Decision Directive-38 process is used effectively, something that cannot be said for the past. Nonetheless, there are loopholes. For example, some agencies have personnel at post in positions established for a limited period of time or encumber permanent positions with a revolving door of people assigned to temporary duty (TDY). It is unclear how the embassy tracks these people. Although Moscow is better than many other posts in this respect, there is still room for improvement. For example, NASA has approval for 40 positions, most filled on a temporary basis. When requesting country clearance for new arrivals, NASA neither identifies, nor does the embassy require, linkage to the 40 positions. In another example, DHS has nine contract personnel in Moscow on one-year contracts on the grounds that the Congress has only been authorizing their program on a year-by-year basis. It is unclear under what conditions the Ambassador approved their presence and if changed circumstances warrant a reexamination in accordance with 2FAH-2 H-114.1 (a)(2).

**Recommendation 1:** Embassy Moscow should require a National Security Decision Directive-38 submission for any temporary duty position that has been filled continuously for more than one year. (Action: Embassy Moscow)

Unlike the other constituent posts, St. Petersburg has problems with its organizational structure although the solution may not eliminate any positions. The consulate general has an FS-01 deputy principal officer in addition to its Senior Foreign Service principal officer. They divide management of the six consulate functions<sup>1</sup> between them, although the principal officer devotes more time to representation and outreach while the deputy concentrates on internal management issues, visitor management, and reporting. Unlike virtually every other post of comparable size, the deputy does not head an operational section.

The public affairs officer, whose responsibilities also include outreach, is an FS-01, like the deputy. The sole FS-03 political/economic position, in addition to being the primary reporting officer, coordinates the majority of the high level visits. The quality of the reporting plan and the post's ability to manage a heavy volume of official visitors depend on the largesse of the consular section, which is in fact overstaffed for its consular workload but vital for the post's efforts to meet its broader strategic goals and provide support to official visitors.

Embassy Moscow has not reviewed staffing at Consulate General St. Petersburg to evaluate: the need for a deputy principal officer position that is not the head of an operational section; the redistribution of reporting resources; the ongoing demand for control officers for official delegations; and the best manner to staff the management section to fully support a robust official visitor workload while addressing the demands of the current decaying facility as well as the need to support the planned move to more modern, less decrepit facilities.

**Recommendation 2:** Embassy Moscow, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Consular Affairs, should conduct a staffing review of Consulate General St. Petersburg to evaluate the mix of reporting, outreach, consular, and management skills required by the visitor workload and the preparations for an eventual move to more appropriate facilities. (Action: Embassy Moscow, in coordination with EUR and CA)

<sup>1</sup> Public affairs, security, management, political/economic, consular, and commercial.

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## **POLICY AND PROGRAM IMPLEMENTATION**

### **POLITICAL AFFAIRS**

Backsliding in political freedoms and a more assertive Russian foreign policy since the last inspection have made informed political analysis even more crucial to the accomplishment of many mission goals. A large and well-led political section focuses on analytical reporting and on managing a sensitive but highly disciplined bilateral dialogue. Despite a heavy load of visitors, it has ambitious plans to do more travel outside Moscow and to make the best use of a growing number of ELOs with insufficient language training. Reporting on the inner circles of government has become more difficult in Putin's Russia, but the embassy has overcome this by unusually close coordination between the political section and the Ambassador, who alone has access to top levels of the Kremlin. Washington readers praised both the range and volume of the embassy's reporting.

### **Reporting and Analysis**

Led by an officer with good Russian language and strong interpersonal skills, the section turns out an impressive volume of high-quality reporting closely targeted to Washington priorities. To ensure that it reaches end users in all agencies, the political section sends important reports by front channel cable, using e-mail largely for its operational needs. Reporting is timely, with at least a spot report submitted immediately on key developments. It is particularly strong in analyzing and predicting Russian views on foreign policy issues, including North Korea, Georgia, and Iran, and on political/military issues, where it cooperates closely with the Defense attaché office and other elements of the mission.

The section has been less successful in maintaining a vigorous program of internal travel to produce reporting on political trends in regions outside Moscow. It is moving to correct this with an ambitious travel and reporting plan and the appointment of a travel coordinator to help draw on contributions from all elements of the mission.

Washington consumers praise the mission's biographic reporting, but they will need more leadership analysis, particularly at subcabinet levels, as President Putin's



government approaches the Presidential election in 2008. The inspection team informally recommended steps to systematize this work, including the appointment of a biographics coordinator. Reporting on human rights is well informed and timely.

## **Operations and Advocacy**

As much as it would like to focus on reporting, the section is increasingly operational. It handles a heavy workload of demarches well, adding significant value through its analysis of Russian government responses. At the same time, it devotes a large and growing percentage of its time to supporting official visitors. Some officers assigned to support these visits spend too much time reinventing what should be standardized procedures. The OIG team informally recommended that the mission revise its visitor checklists to include more information on what needs to be done and how to do it.

The 2002 OIG inspection found excessive layering in the political section and recommended steps to reduce it. There was limited progress on this goal until 2005, when embassy leadership incorporated political section restructuring into the Ambassador's broader streamlining plan. That effort is now bearing fruit with the consolidation of the political section's external and political/military units into a single unit and the elimination of the separate deputy position. The OIG team encouraged this change. This move will further streamline operations, bring the section's organization into line with that of other sections, and attract more at-grade bidders to its middle management positions. By reducing the number of clearance layers required, it could also help address the problems that occasionally cause a drafter to receive contradictory guidance from two editors.

**Recommendation 3:** Embassy Moscow, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Human Resources, should eliminate the separate deputy counselor position (10305002) in the political section. (Action: Embassy Moscow, in coordination with EUR and HR)

The section's biggest challenge is to make the best use of an increased number of inexperienced ELOs. Many receive too little language training to be effective. Others have too little time to build up contacts, because they spend at most one year of a two-year rotational tour in the section. This shift to filling positions with more ELOs has forced the section to divert resources from production to internal training. It also comes at a time when access to some Russian officials is becoming more difficult. The results could include reporting that lacks depth and insight and a decrease in job satisfaction. Some political and economic officers believe that without sufficient training, their first reporting assignment has been "set up to fail."

The section has moved aggressively to strengthen language capabilities. Despite the pressures of the immediate workload, the section chief and the deputy encourage any officer who needs language training to take several weeks of immersion training in an embassy-sponsored language training program in the Russian city of Tver. As described in the management section of the report, the OIG team found this program to be a best practice that should be considered by other embassies.

One officer works full time on refugee affairs. His workload increased significantly when the Bureau of Population, Migration, and Refugee Affairs eliminated its refugee coordinator position in Tbilisi and shifted most of that work to Moscow. This required the hiring of an EFM assistant to keep up with monitoring and evaluation duties. Working as an integrated part of the political section made it easier for the refugee coordinator to contribute valuable reporting. This helped fill a critical gap on Chechnya reporting during a period of restricted access.

The mission needs to find a more efficient way to carry out the checks required by the Leahy Amendment to ensure that Russian military and law enforcement personnel receiving U.S. training have not been involved in human rights abuses. At present, one officer spends a disproportionate amount of time compiling paper records that confirm that candidates' names were checked against available databases. Few candidates are refused. The inspectors informally recommended changes to streamline this procedure.

## **ECONOMIC AND COMMERCIAL AFFAIRS**

Economic work takes place in a more difficult atmosphere than during the last inspection. Buoyed by high oil prices, Russia is attempting to become a respected partner in the global trading system while it simultaneously tries to gain control of powerful companies at home and energy flows abroad. A lean and productive economic section works with other agencies to defend U.S. economic interests, press an agenda of reforms, and keep the bilateral economic dialogue on track.

### **Reporting and Analysis**

Led by an officer experienced in Russia and skilled in managing policy, the section focuses closely on reporting. Analysis of Russia's critical energy sector is particularly strong. This is in part because close cooperation and a joint reporting team

have now replaced debilitating jealousies that had existed between the economic section and the large Department of Energy office at the time of the previous OIG inspection.

Reporting is closely targeted to U.S. policy concerns. The section supports the work of several different U.S. agencies, including the Office of the U.S. Trade Representative, and reporting shows a keen awareness of their individual needs. Analysis of macroeconomic issues is objective and well informed. Combined political/economic reporting is unfortunately rare. However, the section works more closely with political officers than in the past. Under its current leadership, it is unusually good at connecting the dots between economic and other interests, helping Washington to see the broad strategic context of some murky Russian actions.

## **Operations and Advocacy**

The section devotes a growing portion of its time to intervening with the Russian government on behalf of U.S. companies. Some Russian ministries continue to pursue reformist policies while others have become increasingly reluctant to cooperate with Western embassies. Corruption levels vary sharply. One of the section's two internal units concentrates on advocating market-oriented policy reforms while the other focuses on trade and investment. During the inspection, both were heavily engaged with intellectual property rights and other issues complicating Russia's accession to the World Trade Organization.

To support the Department's Global Diplomatic Repositioning initiative, the embassy made sharp cuts in the staffing levels of the economic section. In addition, the Department of the Treasury recently eliminated its financial attaché, who had worked as part of the economic section. Assuming the entire burden of financial work will force the section to reorganize portfolios and stretch its limited resources even further. As part of this reorganization, the section should end its current practice of supporting visitors from other agencies that have a representative in the embassy. At present, for example, one economic officer devotes a significant portion of her time to supporting the Transportation Security Agency, which is work that should be undertaken by the embassy's large DHS office.

**Recommendation 4:** Embassy Moscow should reassign responsibility for supporting the Transportation Security Agency to the Department of Homeland Security. (Action: Embassy Moscow)

The section is proud of its ability to turn out a large amount of work despite an unrelenting flow of visits and a staggering workload resulting from the St. Petersburg G-8 Summit and the prolonged negotiations over Russia's bid to enter the World Trade Organization. As with some other sections, this emphasis on speed and volume of production has taken a toll on process and morale. Some ELOs, particularly those who fill positions previously encumbered by mid-grade officers, are struggling. Many report that they did not receive sufficient training in language, drafting, or tradecraft skills before arriving at post. The section chief is working with the heads of other substantive sections and with the DCM to develop in-house tradecraft training for these ELOs. She has also given them an opportunity to participate in the Tver language immersion program described above. During the inspection, the economic section began initiatives that will help ELOs by shifting the focus of its editing process from correcting drafts to coaching.

There is also a danger that the emphasis on finished product could result in "hollowing out" the systems for producing it. Some officers arriving in the section, for example, have difficulty in developing contacts. Many departing predecessors do not leave effective contact lists, although the section chief has made it clear that they should. As noted below, the mission as a whole maintains a contact database, but it is used largely for protocol and public diplomacy purposes. Posts worldwide are moving towards integrated contact management systems, allowing protocol to develop guest lists while individual sections can wall off and maintain sensitive contact information. The Moscow economic and political sections need to piggyback on the existing contact management system where possible so that new officers can identify contacts and subject experts readily. The sections should identify a process for integrating individual contact lists, arranging them by issue as well as name, and keeping them up to date. Such a system would be managed by cleared American employees and reduce dependence on the institutional memory of local staff. The inspectors made an informal recommendation to this effect.

## **Coordination of Assistance**

Russia's economy has rebounded strongly from the ruble crash of the 1990s, but the United States continues to provide assistance in a number of areas including democracy, the rule of law, and nonproliferation. In FY 2006, the U.S. government spent approximately \$950 million in assistance to Russia. The lion's share was spent on nonproliferation programs administered by the Department of Energy (described more fully below). A large USAID office administers programs, most funded

through the Freedom Support Act of 2002, aimed at democracy, health, and social reform. While USAID's program is officially transitional, plans to phase it out are currently on hold until the embassy receives more guidance from the newly created position of Director of U.S. Foreign Assistance.

Embassy Moscow has improved and tightened oversight of what one official referred to as "the chaos" in the early years of these assistance programs. One officer in the economic section devotes all of his time to the coordination of these programs. His job is not to set priorities but to ensure interagency coordination and rewrite information submitted by assistance agencies into a combined and comprehensible report for eventual transmission to the Congress. The need for this work has shrunk over time from a former staff of as many as seven persons. It may diminish further if funding under the Freedom Support Act continues to decline. Nevertheless, ensuring the coordination of assistance efforts by all parts of the mission will remain essential. If this position is eliminated in 2007, as is currently envisioned, the embassy will need to identify a way to carry on this work. Because the focus of these programs has begun to shift from economic growth to democracy and health, it is no longer necessary that it be done in the economic section but could also be managed in the science or political sections. The inspectors made an informal recommendation that the embassy determine where this function should be carried out after the incumbent leaves.

## **Commercial Work**

U.S. investment in Russia's economy has grown rapidly since the last inspection. In 2005, U.S. companies invested billions of dollars in Russia, although exact figures are unavailable. At the same time, the U.S. government's commercial presence in the country is shrinking. US&FCS has reduced its staff significantly since the last inspection. A temporary budget crisis brought on by continuing resolutions forced a temporary cut of over 50 percent in many of their operations. The Department of Commerce eliminated its American officer position in Vladivostok and cancelled its request to establish a commercial officer position on Sakhalin Island in the Russian Far East, where Exxon/Mobil and other U.S. companies are investing heavily in oil and gas reserves.

The economic section works closely and cooperatively with the large Department of Agriculture office, which has built up an extensive network of good contacts by encouraging tours of as long as five years rather than a series of rotations. Cooperation was especially intense and fruitful in the negotiations on Russia's accession to the World Trade Organization.

## **Counterterrorism**

The economic section shares responsibility for counterterrorism with the political, law enforcement, and regional security offices. It focuses on interdicting terrorist finances while the political section reports on policy and legislative issues. The United States does not have an active Antiterrorism Assistance program in Russia but has offered to do so in the context of increased cooperation in the bilateral counterterrorism working group. During the inspection, the embassy assigned a terrorism finance coordinator and tightened cross awareness of this issue by the different sections.

## **ENVIRONMENT, SCIENCE, AND TECHNOLOGY AFFAIRS**

A separate section handles environmental, scientific, and technological issues, including nonproliferation. In addition, it is devoting increased attention to health issues of transnational concern, including avian influenza and Russia's growing problem with HIV/AIDS. With a wide but fluid range of issues it must cover, the section depends on Foreign Service officers for policy and diplomatic work and on scientific experts among its LE staff for technical expertise.

## **Countering Proliferation**

Nonproliferation is among the section's top priorities. Working closely with the Department of Energy's large Moscow office, the section supports a range of programs aimed at helping Russia to secure and safely store materials that could be used for nuclear, chemical, and other weapons of mass destruction. This work has important payoffs in preventing terrorists from gaining access to the vast and sometimes poorly guarded storage sites for former Soviet weaponry. The section regularly uses its well-developed contacts in the Russian government to make sure that the work can be effectively overseen. Russian agencies restrict U.S. access to some sites but generally agree to visits based on strict adherence to agreed procedures.

Interagency cooperation in this area has been markedly improved. The merger of the former Arms Control and Nonproliferation bureaus into a single Bureau of International Security and Nonproliferation Policy (ISN) in 2005 helped streamline and coordinate policy guidance from Washington.



## **International Science and Technology Center**

The section works closely with the International Science and Technology Center, a multilateral entity established to support broad nonproliferation goals by redirecting the work of Russian scientists from weapons of mass destruction to peaceful research projects. Since its founding in the 1990's, the center has received over \$200 million in international funding. The United States is the largest donor.

Embassy Moscow does not have sufficient oversight authority to ensure that U.S. contributions to the center are well spent. One official of the center is assigned to represent U.S. interests but reports directly to Washington. As a result, the embassy is sometimes unaware of key decisions and unable to exercise sufficient influence on issues such as salary levels, policy priorities, and performance benchmarks. The Department is pressing Russia to shoulder a greater portion of the center's funding, ratify a key bilateral agreement, and restore a closer focus on the center's core nonproliferation goals. The embassy needs to play a more direct role in assisting the center to accomplish these goals.

**Recommendation 5:** Embassy Moscow should propose, and the Bureau of International Security and Nonproliferation Policy should approve, changes in the oversight of U.S. contributions to the International Science and Technology Center making Embassy Moscow more responsible for their effective use. (Action: Embassy Moscow, in coordination with ISN)

## **Cooperation in Space Programs**

The section works harmoniously with a NASA office to support a range of programs including the international space station. After the crash of the shuttle Columbia in February 2003, the United States was dependent on Russia to maintain this program. Until a U.S. shuttle was successfully launched again in 2005, Russian Soyuz missions carried out all crew and cargo launches to the station. During this period, Russia fulfilled its written obligations scrupulously while continuing to impose restrictions on the ability of U.S. diplomats to visit some space sites containing military activities. Learning from their earlier mistakes, NASA's Moscow office and the environment, science, and technology section worked together closely to renegotiate a key bilateral agreement in 2005. This cooperation, based on Circular 175 authority granted by the Office of the Legal Adviser, enabled NASA to obtain the exemptions that it needed to continue purchasing key Russian goods and services despite restrictions in the Iran/Libya Sanctions Act of 2002.

## **LAW ENFORCEMENT AFFAIRS**

Signs direct an embassy visitor to two different law enforcement sections. One is a cluster of U.S. law enforcement agencies, including the Federal Bureau of Investigation and the Drug Enforcement Administration, the other a Department section funded by the Bureau of International Narcotics and Law Enforcement Affairs (INL). This confusion in labels is not mirrored in activities. Interagency cooperation in this area is unusually close, collaborative, and effective. This is due in part to a law enforcement working group chaired by the DCM that meets regularly and includes all relevant parts of the mission. By focusing on policy coordination rather than operational details, it has minimized potential tensions over information sharing.

## **Judicial Reform**

Embassy Moscow restructured its former narcotics affairs section into a law enforcement section to reflect the fact that its most important focus is on crime, not drugs. The section oversees a range of training programs aimed at helping Russia to reform its criminal and judicial systems. These programs, operated with the assistance of attorneys from the Department of Justice, are well designed and managed. They are well coordinated with the work of other sections in support of an overall mission goal of transformational diplomacy. The return of the U.S. Secret Service to Moscow in October 2006 should free up more resources for the law enforcement section by reducing the section's need to support visits by temporary Secret Service personnel. They will be strengthened further if the Department of the Treasury carries through a plan to assign a representative to work with a newly established Russian office dealing with financial crimes. To maximize acceptance by officials who have grown resistant to U.S. government advice, the OIG team informally recommended that the section link these programs to those of other international donors, in particular the European Union.

## **Narcotics**

Programs aimed at helping Russia strengthen counternarcotics capabilities have moved more slowly. One \$450,000 contract to purchase vehicles was held up for two years by disputes between, and within, both governments over what tax liability such transfers would incur. Nevertheless, the law enforcement section has received continuing cooperation from most Russian counternarcotics agencies, enabling it to carry out on-site evaluation of such programs even in border areas. Its oversight will be further strengthened by the installation of INL's electronic grant tracking system in FY 2007.



## Trafficking in Persons

By contrast, the inspection team did not find adequate oversight of funding to the organization known as the MiraMed Foundation, aimed at helping Russia combat trafficking in persons. Tensions between the embassy and the Office to Monitor and Combat Trafficking in Persons undermined their ability to work together in the past. In 2002, rivalries over the U.S. grant to MiraMed led to embarrassing public accusations and distortions of the embassy's position. Given these sensitivities, the mission has not been sufficiently involved in evaluating the recipients of this grant for effectiveness, administrative overhead, and other factors that would help determine whether MiraMed is a suitable partner. Over the past year, the embassy has made efforts to improve its relationship with MiraMed in order to understand its programs better.

Washington continued to approve grants directly to MiraMed against the embassy's advice in 2004. The recipient was not required to report its progress to or through the embassy, and the mission was unable to monitor and evaluate its performance. The inspectors noted that the recipient's overhead expenses were nearly twice the level used by the embassy's democracy commission as a general standard for evaluating applications by nongovernmental organizations (NGOs) for grants.

For these reasons, Embassy Moscow recommended in 2004 that the Department suspend its funding to the MiraMed Foundation. When bureaus were unable to agree on a course of action, the Deputy Secretary ordered that funding continue ad interim but that the program be phased out within two years. A 2005 OIG audit of the grant questioned costs, most of which were unsupported, but the review was limited to the financial aspects of the 2003 and 2004 grants and did not address the issue of the grant's overall effectiveness.

**Recommendation 6:** The Bureau of International Narcotics and Law Enforcement Affairs, in coordination with Embassy Moscow and the Office to Monitor and Combat Trafficking in Persons, should complete the phasing out of assistance to the MiraMed Foundation ordered by the Deputy Secretary. (Action: INL, in coordination with Embassy Moscow and G/TIP)

## Grant Management

The Department funds approximately \$27 million in assistance programs to Russia. In addition to the Bureau of European and Eurasian Affairs, at least four functional bureaus are involved, including ISN, INL, and the Bureau of International

Information Programs (IIP). For most of the programs funded by these bureaus, oversight responsibility resides in Washington, not in Embassy Moscow. For example, ISN centrally manages the Department's yearly \$15 million contribution to the International Science and Technology Center in Russia. As discussed earlier in the report, responsibility for ensuring that the center is achieving intended results and that funds are administered in accordance with laws and regulations resides with ISN, not with the embassy. All grants officers, grants officer representatives, and program managers for these funds are in Washington. This approach was not sufficient to ensure that U.S. contributions are well spent, and the OIG team recommended changing it.

Similarly, INL, which funds programs totaling about \$3.5 million a year in Russia, centrally manages a few large grants. No one in Embassy Moscow is designated as grants officer representative or program manager for these grants, but there is an expectation that the embassy's law enforcement section monitor grantees' activities. The OIG team made an informal recommendation that the embassy request INL to clarify the embassy's responsibility for oversight and monitoring of those INL grants managed in Washington.

Those assistance programs overseen at the mission, including some in the narcotics and public affairs sections, are well managed. From 2000-2005, INL transferred about \$12 million to Embassy Moscow, which in turn, transferred both the funds and the oversight responsibility for much of it to the Drug Enforcement Administration or the Department of Justice. Although the mission is generally satisfied with these other agencies' performance, the other agencies rarely notify Embassy Moscow and INL that programs are completed as required in funding cables. The OIG team made an informal recommendation that this be done. Additionally, although the embassy and INL have five years to expend funds, the inspectors informally recommended that the mission not wait until the final year to do so. During the inspection, INL was focusing on spending funds from FY 2001.

## **PUBLIC DIPLOMACY**

### **Overview**

In the difficult environment of a vast country with a government often at odds with our own, the U.S. mission in Russia operates one of the largest, most visible, and most active public affairs sections (PAS). There is a public affairs presence at all four posts, totaling 14 Foreign Service officer positions (one of these will be eliminated in summer 2007) and 50 LE staff. PAS manages a budget of \$3.1 million plus

Freedom Support Act and educational exchanges budgets of \$15 million. It oversees a network of 32 American Corners and American Centers and an expanding community of alumni associations. An aggressive English language program reaches students and teachers in all parts of the country.

The section is well integrated into the diverse mix of mission elements and agencies. It has a recognized presence in the media and academic communities country-wide. It gives grants and participates in exchanges operated by long-established U.S. NGOs such as Fulbright, American Councils of Teachers of Russian, and Project Harmony, among others.

The execution of U.S. public diplomacy in today's Russia is not easy. The U.S.-Russian relationship experienced excitement, openness, and optimism at the end of the Cold War. Massive public and private exchange programs brought Russian students and professionals to the United States. Cultural, scientific, judicial reform, and democratization programs blossomed. But with other demands of the post-September 11, 2001, world, much U.S. funding has shifted elsewhere. The Russian government has changed the environment of openness and cooperation. New Russian legislation required all NGOs to reregister for permission to operate. The Kremlin has cracked down on press freedom. Twelve journalists have been murdered in Russia in the past six years. Xenophobia is on the rise. Mission leadership is responding to these changes with a multifaceted outreach initiative that weaves public diplomacy into most mission activities.

The minister counselor for public affairs (PAO) has a deep knowledge of the country and of the job. Most of the American staff is new to their jobs or in positions above their personal rank. The PAO's patient mentoring style keeps efficiency, morale, and professional competence high with promise of getting even higher.

## **Management Issues**

The PAO faces substantial challenges in sustaining the effective teamwork and positive attitude that he now has. Washington has cut millions of dollars in program funds to Russia in recent years, but a heavy program burden remains. Cuts in PAS staffing have come at the same time that the U.S. relationship with Russia is becoming more complicated. Three key senior FSNs have left for better paying jobs in recent months. The local coordinator of the legislative branch's large Open World exchange program will also be leaving. Each had rare historical knowledge and a network of contacts. Applicants for these once highly competitive positions are not impressive.

The Computer Assisted Job Evaluation system evaluated the PAS locally employed positions as recently as 2004. But since that time, key supervisory positions have been eliminated, there have been shifts in LE staff responsibilities, and new reporting relationships need to be documented in position descriptions and organizational charts. The PAS LE staff feel that they were not properly prepared for the job evaluation exercise and were disadvantaged compared to other missions and other sections in this mission.

**Recommendation 7:** Embassy Moscow should revise all public affairs section position descriptions to indicate current chain of command and workload and reclassify the locally employed staff positions as necessary. (Action: Embassy Moscow)

The inspection team informally recommended that the embassy share salary issue information with the Broadcasting Board of Governors entities in Russia.

Moscow's PAS distribution unit has six LE staff, five of whom are described as distribution clerks but who drive five vehicles that are considered to be dedicated to PAS. In St. Petersburg, there is a driver and two vehicles that are considered to be PAS vehicles. This is contrary to Department policy since the consolidation of the U.S. Information Agency into the Department in 1999. 14 FAM 418.3-2 does not list PAS among those offices authorized a dedicated vehicle. The inspection team discussed this anomaly with the mission's public affairs and management officers. The team informally recommended that action be taken to "crosswalk" the St. Petersburg driver to the consulate motor pool to bring the status of all the vehicles into line with Department and ICASS policy, and to make sure that the PAS Moscow distribution clerks' workload justifies their position descriptions and that they are formally designated as "self-drivers."

The 2002 OIG inspection report recommended that the mission establish a contact management system. To date there is no single system. Although PAS Moscow has invested in the Goldmine application implemented by many missions, it actually uses the protocol office's contact system that works well for them. It is their understanding that the current contacts cannot be transferred to Goldmine electronically and that change requires entering thousands of contacts again. Even if the section could transfer its contacts to Goldmine without reentering each item, PAS sees no need to transition away from a functioning system.

In St. Petersburg there is no common contact management system. The PAO, the acting information resource center director, and the information management officer (IMO) are eager to collaborate on putting the entire consulate general on the

Goldmine system. The OIG team informally recommended that PAS St. Petersburg move forward on a common Goldmine application after verifying with the Bureau of Information Resource Management and IIP in Washington that the Department does not have an alternate global solution in development. The OIG team also recommended that PAS confirm that there is no simple way to transfer information from the system in use in Moscow to another application like Goldmine.

Countrywide, PAS operates good public web sites and has just revamped the St. Petersburg web site. They are one of a diminishing number of posts that are not participating in the Content Management System (CMS) that IIP is coordinating worldwide. The Department advocates use of this system both for its efficiency and to give Department web sites worldwide a common look and feel, a “brand.”

PAS in Moscow is investigating moving to CMS and has addressed the issue of branding by using the same banner as that used by existing CMS posts. PAS is concerned that the CMS format may not be able to support some of the advanced capabilities that the post is now using or preparing to implement. These include multiple feeds, podcasts, videocasts, and streaming media files. The post wants to program more aggressively and push stories and broadcast quality video to the regional media via the Interfax and Internews networks using these new capabilities.

If Moscow were to switch to CMS they would receive free hosting for the site. They would still need to continue their contract with their local provider, which allows unlimited storage capacity for downloadable media that CMS does not offer. Switching to CMS would not yield substantial cost savings. Even if its site remains outside of the CMS Washington site management regime, Moscow wants to develop with IIP an alternate capability in case of a system breakdown. IIP could maintain that site remotely.

The OIG team informally recommended that PAS in Moscow discuss with IIP both the possible establishment of an emergency system and the CMS system’s capacity to support the embassy’s intended media activities. If CMS cannot support future media activities, then the embassy should move forward with its current provider. If the embassy does not in fact implement the proposed innovations, then they should enroll in CMS.

In St. Petersburg, PAS only recently learned of CMS, and the section is eager to move forward on compliance with the worldwide model. Unless St. Petersburg is actively involved in the same multimedia initiatives that Moscow intends to implement, then they should enroll in CMS, and the inspectors made an informal recommendation to that effect.

## Grants Management

Grants files in both Moscow and St. Petersburg are in very good order. The Moscow office processed 230 grants in the past year. While Moscow's acting cultural affairs officer, one assistant cultural affairs officer, and the PAO in St. Petersburg all have warrants, the PAO signs all grants. All officers with warrants have had training that advises them to screen applicants in accord with the eligible parties list and the Leahy Amendment.

There was only one exceptional grants management practice. While all required documentation including the final financial report was kept in the administrative grants files, program reports were kept in the files of the cultural section, or whichever office executed the program. A review of the files showed that the program reports are accessible, just separate. Due to current space limitations in Moscow, St. Petersburg has not yet been able to send its FY 2005 grants files to Moscow. The inspection team informally recommended that both public affairs sections should review their grants files to make sure that program reports, or at least a signed summary sheet of the program report, are included in the same file as the grant's financial report. The OIG team further informally recommended that in those few cases of small travel grants where no program execution report has been made, the post should send the requisite letters to the grantees informing them that until a report is made they cannot receive another grant. PAS should place copies of these outgoing letters in the files.

Grants managers at post are concerned about Washington-based initiatives such as the elimination of the DS-2010 short form for travel grants and the requirements for applying for Data Universal Numbering System numbers and Joint Administrative Management System forms. These may work well in the United States but require information that is not relevant overseas. The PAO is participating with the Department's Office of the Procurement Executive in an initiative to resolve these issues.

PAS locally employed grants managers countrywide have noted that financial management officer (FMO) processing of grants for the consulates can sometimes be slower than for the embassy. In some cases, financial management staff were unfamiliar with unique, but legitimate, PAS requirements for timely services. The OIG team informally recommended that the PAO review with the management section leadership, categorically, service-by-service, reasonable expectations of responsibility and timeliness for administrative support services.



PAS St. Petersburg is very active, generating numerous grants and program expenditures. The PAO has grants and budget experience. Currently, however, all grants, no matter how small, must go to the PAO in Moscow for signature. St. Petersburg's PAS does not have a separate budget. Moscow is generous with its branch posts, but this leaves a busy post like St. Petersburg unsure of its budget parameters for long-range planning. With a defined budget, PAS St. Petersburg could plan around these delays. The inspection team informally recommended that the PAO in Moscow discuss with the PAO in St. Petersburg setting aside a budget for that office and give the latter limited grants authority.

## **Programming**

The inspection team had numerous opportunities to observe and to participate in a wide variety of high-visibility press and cultural events for different Russian audiences. PAS staff demonstrated the highest level of competence, energy, and attention to detail in the execution of each program. The events were all well integrated into the larger public diplomacy mission in Russia. Both Russian and American managers of these programs are attentive to cost efficiency and to the relevance of the programs to MPP goals.

PAS is drafting a mission strategy to commemorate the 200th anniversary of U.S.-Russian relations. It will be an umbrella program for showcasing many other MPP goals. The overall theme is that Russians and Americans have been cooperating in a variety of fields longer than they had ever been opponents.

Since the end of the Cold War, 50,000 or 60,000 Russian citizens have participated in some sort of U.S. government-funded travel to the United States, with PAS playing some role in most of those exchanges. Russians and Americans agree that this exposure to American society has had a significant impact on post-Soviet Russia. The 2002 inspection report made a formal recommendation that a binational Fulbright commission be established in Russia. The Department and the embassy now agree not to pursue that recommendation. In the current political shift towards rigid state control, a binational commission could experience regime interference in academic exchanges. It is also unlikely that there would be the expected cost sharing from the Russian side. Russian authorities do, however, want U.S. cooperation in university linkages and university reform. Agreements signed by the Secretary of Education in the run-up to the G-8 education meetings in May 2006 support this. New linkages and study visits by senior Russian administrators have already begun.

IIP praises PAS for one of the best speaker programs worldwide. However, the embassy feels that IIP's innovative Strategic Speakers Program did not have any positive impact in Russia. IIP withdrew funds from the mission, held them in Washington, and then made them available too late in the year. The quality of speakers offered was no different than what had previously been available.

The International Visitors Program is highly valued throughout the mission, and all elements compete aggressively to participate. Mission Russia has a unique approach. A mission wide panel identifies priority themes and recommends programs in support of those themes. Russian participants are later nominated to fit the theme programs. Although the DCM chairs the panel, it is often run by the PAO in his stead. Public diplomacy funds pay for half of the International Visitor Programs. Freedom Support Act funds pay for the other half. Because Freedom Support Act objectives mirror MPP goals, there has not been a conflict between the two.

Follow-up with returned participants is an essential part of the International Visitor Program. Embassy elements that nominate participants are expected to debrief them on their return and find ways of maintaining contact with them. With the rapid rotation of officers and the press of business, it is easy for embassy sections to lose contact. The inspection team informally recommended that the PAO keep track of, and the DCM enforce, a policy that embassy sections debrief and maintain ongoing contact with their nominees.

## **Alumni**

There are now thousands of alumni of U.S.-funded exchange programs in Russia. The mission and the Bureau of Educational and Cultural Affairs are concerned that the program sponsors will lose contact with these alumni over time. The bureau has established an alumni affairs office that is collecting data on its program alumni. They have requested more input from PAS on former alumni. The NGOs that execute the exchanges have kept track of their alumni, but when grants shift from one NGO to another, the NGOs refuse to share their information with the new grantees or with the embassy. The embassy established an alumni working group that included NGO representatives to resolve these issues, but the working group lapsed as individual members left Russia. The OIG team informally recommended that PAS reconvene the alumni working group now that an officer and an FSN in the cultural section have been designated to liaise with the Bureau of Educational and Cultural Affairs on alumni tracking. The inspectors also recommended that the embassy work with the bureau to write into its future requests for proposals a requirement that information on alumni become the property of the granting agency.



## **Mission Outreach: Information Resource Centers, American Centers, and American Corners**

Department and mission leadership strongly encourage officers and programs that reach out to every part of the country. PAS takes this mandate seriously and involves many other mission elements in its programs around the country. Reporting demands are heavy, however, and it is difficult for officers from other sections to fit these public events into their travel schedules. The inspection team informally recommended that public diplomacy outreach be made a part of every Foreign Service officer's work requirements, outreach activities, and the mission's travel plan.

Given heightened security concerns and the high cost of travel in Russia, the mission has been a pioneer in developing ways to provide information and to give Russians contact with America and Americans. It operates a network of information resource centers, American Centers, and American Corners where Russians can go for help in finding accurate information about U.S. policy and society. It had considered the virtual presence post and American presence post models, but found them inappropriate in Russia.

The American Corners, developed in Russia with American information materials and computer access, and host country supplied-venues and staff, have been replicated at missions around the world. But American Corner materials and equipment must be updated and staff training kept current. Neither the Department nor the mission had budgeted for American Corner upkeep. The Office of the Under Secretary for Public Diplomacy and Public Affairs, IIP, and the regional bureau have been seeking resources to help sustain these entities. PAS Moscow was given \$144,000 to sustain its American Corners. IIP specialists say that \$10,000 is needed to keep an American Corner current each year. Russia has 32 American Corners, which means that all will not be upgraded. American Corners face the added problem that, with the expanding Russian economy, the cohort of energetic English-speaking librarians recruited as American Corner coordinators is being hired away, leaving a paucity of new recruits with commensurate skills. Embassy Moscow is eagerly searching for incentives, short of actual salary payments, to retain good coordinators. The mission organizes coordinator conferences, promotes American Corners as venues for alumni activities, and makes appeals to the private sector to help. Consulate General St. Petersburg has succeeded in recruiting private sector partners to fund three American Corners in their district.

The information resource center was moved from the cultural section, where its focus was on answering queries from the Russian public, to the information section, where it supports the growing demands of mission staff, American Corners, and visitors. The information resource center maintains the mission's public web site and distributes information electronically to an expanding Russian audience. The American Center in another part of Moscow maintains a popular public walk-in library, a complete reference service, and a venue for lectures and other programs. The regional information resources officer is located in Warsaw. This, plus the shift of the information resource center to the press section, and the assignment of one of the assistant cultural affairs officers to the oversight of the American Centers and American Corners, makes it unclear who is responsible for book orders, the American Corners web site, and similar logistical duties. The OIG team informally recommended that Embassy Moscow work with the regional information resources officer in Warsaw to clarify these roles and develop a plan for the regular maintenance of the American Corners.

## **Press**

Mission Russia works in a difficult media environment in which anti-Americanism remains strong. The press freedom of the 1990's is being overwhelmed by Russian government pressure and by the buying up of media outlets by pro-government oligarchs. There are many print and broadcast venues, but most are pure entertainment. The authorities discourage those that carry real news from placing official U.S. media products. The press section of the embassy works hard to put statements of U.S. policy and accurate background information in the hands of decision makers and opinion leaders. Other than op-eds, official statements in translation, and cultural materials, there is little placement of U.S. articles, but the hope is that information gets into the thinking of opinion leaders and the commentary they produce. PAS uses its Russian web sites to give accurate accounts of items the local media distorts and to provide full interview transcripts that put into context the negative clippings that appear in local products.

The press section undertakes a daily review of the Russian print media, which it then provides to mission leadership, the Bureau of Intelligence and Research, the regional bureau, the rapid response unit in the Bureau of Public Diplomacy and Public Affairs, and the media hub in Brussels. Washington and Brussels recipients praise the product, but as other embassies seem to be opting out of the media reaction process, PAS is aware that it will need to review the usefulness of this labor intensive endeavor.

The embassy gives mixed reviews for press materials sent by Washington. Given the time zones involved and the level of expertise in the mission, Moscow is more likely to draft guidance on an issue and submit it to Washington for approval, than to wait for Washington to initiate the process. Press clips from Washington are informative for the staff but come too late to meet the Moscow press cycle. News clips are available on the Internet from many other sources. The selection of articles for the Russian file is good, but the translation is often poor, sometimes using language that is dated. Electronic journals are better translations and more useful. The OIG team encouraged PAS to continue its dialogue with IIP about the quality of translation and the usefulness of the products IIP sends to Russia.

## **Reporting**

PAS does not have a dedicated part of the mission reporting plan, but it does contribute to mission reporting. The Department, particularly the Bureau of Educational and Cultural Affairs, suggested to OIG that they could justify their Russia programs more easily if there were more reporting on successful cultural programming including the visits of cultural specialists. The regional bureau also mentioned that it would welcome PAS reporting in cable form on issues such as the credentialing of journalists and the state of the independent media and civil society in Russia. The inspection team shared these requests with PAS.

## **International Broadcasting**

The Voice of America (VOA), Radio Free Europe/Radio Liberty, and the International Broadcasting Bureau marketing program have staff and offices in Russia. Their most immediate concern is Russian government pressure that is putting an end to the network of affiliates who rebroadcast VOA and Radio Free Europe/Radio Liberty materials throughout Russia and the declining comparative pay and benefits package of the U.S.-funded operations, which threatens to drive away current staff and discourage new hires.

The inspection of the Broadcasting Board of Governors operations in Russia is dealt with in a separate report. In that report, the inspection team recommended that: the mission encourage its press section to revive contact with the VOA and Radio Liberty offices in Russia; the embassy's RSO offer a consultative visit to the VOA office; VOA consider relocating to an office in downtown Moscow; and the mission continue to exchange information and offer support as the Broadcasting Board of Governors offices address the affiliates and salary package issues.

## CONSULAR AFFAIRS

Moscow's consular section provides good customer service, and its staff exhibits remarkably high morale given the dilapidated and inadequate consular premises. The consular section is generously staffed, however, and management has not had to focus on programmatic efficiencies. Some of its processes do not comply with Bureau of Consular Affairs (CA) standard operating procedures. Much of the inspection team's review focused on preparing Moscow for continued nonimmigrant visa (NIV) workload growth within existing resources and on revising its procedures in line with worldwide practice and CA guidance. The consular sections in St. Petersburg, Yekaterinburg, and Vladivostok are much smaller than Moscow. They all provide NIV and American citizens services (ACS), but none processes immigrant visas (IV), although they do provide some limited IV services in coordination with Moscow.

### Consular Management

The consular section has a large management team—a Senior Foreign Service consul general (CG) supported by an FS-01 deputy consul general and four mid-level unit chiefs. Of the 24 U.S. staff in the section at the time of the inspection, six were in management positions, or one manager for every four ELOs. The consular section is spread over three floors in the former, antiquated chancery building that was vacated by all but the consular section and the DHS/CIS office years ago. The ill-suited physical layout is a management and workflow challenge, and consular leadership relies appropriately on management by walking around to oversee the operation.

The deputy consul general does not have responsibility for an individual operational unit as in other posts of similar size and complexity. The incumbent fills in for the CG during the CG's absences, but otherwise the deputy's regular duties include responsibilities that at most other posts would fall to a combination of the CG, a senior unit chief, a rotating ELO staff aide, or the American office management specialist. Apart from the preparation of annual efficiency reports for the unit chiefs, none of the deputy's current responsibilities requires an FS-01's skills and experience. Given the worldwide dearth of consular managers, the management structure of similar consular sections, and Moscow's relatively senior unit chiefs, this position could be put to better use at another post.

**Recommendation 8:** The Bureau of Consular Affairs should reposition the deputy consul general position from Moscow to a consular section with fewer management resources. (Action: CA)

**Recommendation 9:** Embassy Moscow should redistribute the work requirements currently assigned to the deputy consul general among the consul general, one or more unit chiefs, the consular office management specialist, and a rotational staff aide. (Action: Embassy Moscow)

## **Space**

All four consular sections are poorly configured, although three of the four do have adequately sized work and waiting room space. St. Petersburg has very tight workspace for the visa staff and insufficient waiting room space during the peak visa application months. None of the facilities were constructed or designed for customer service; some are in adapted apartment buildings. Consequently, all are plagued with line of sight inadequacies and work flow inefficiencies. In Moscow, for example, visa cases must move both up and down stairs for data entry, downstairs for interview, back upstairs for printing, and finally downstairs for courier processing or pass back. Officers interview at windows downstairs but do other paperwork upstairs, almost always physically removed from the LE staff workstations.

As discussed in both the management section of this report and the classified annex, both Moscow and St. Petersburg are pursuing construction or relocation projects that would also improve consular section layout and rationalize workflow. The OIG team has not, therefore, made recommendations for costly, interim infrastructure improvements in those two consular sections. There is little that can be done to make the existing facilities suitable for consular processing from either a security and oversight or a workflow perspective. As visa workloads continue to grow steadily at both of these posts, new facilities will be essential. Moscow's consular management, however, could mitigate some of its immediate line of sight problems by redistributing the NIV officer cubicles, locating one or more officer cubicles on the first floor near the LE staff and the courier processing areas, and scattering others throughout the second and third floors rather than grouping them together. The inspectors made an informal recommendation to this effect. In both Yekaterinburg and Vladivostok, the team discussed options, including the use of mirrors, for improving lines of sight. None of the consular sections, with the exception of Moscow, is accessible by wheelchair.

## **Staffing**

All of the consular sections are adequately, and sometimes generously, staffed. CA has responded to past organizational problems in Moscow, and the traditional difficulties of recruiting for jobs in the consulates, by establishing surplus officer

positions in Moscow and St. Petersburg. This permits these two posts to loan officer resources to other Russian speaking posts throughout Europe and Asia to real advantage. The visa units in both Moscow and St. Petersburg also have excess LE staff capacity that could be used to fill temporary gaps in LE staff, conduct training, or provide surge capacity elsewhere in the region.

The inspection team does not want to deprive the Russian posts or CA of the flexibility they now have to assist other consular sections in the region and to facilitate ELO development, but CA can certainly use some officer resources from Moscow for repositioning to higher need consular sections without affecting this flexibility. In fact, Moscow has asked CA to do so on more than one occasion. In addition to the deputy consul general position discussed earlier, the Moscow consular section has two ELO positions that are candidates for repositioning. The IV section of this report identifies those underutilized ELO positions as well as excess LE staff resources and justifies their repositioning with an analysis of the unit's workload. As long as Moscow does not suffer a series of prolonged consular staffing gaps, it can certainly downsize by these two ELO positions. Although Moscow's NIV workload is growing steadily, as discussed below, the section has ample personnel resources to absorb this growth for a number of years. The NIV unit has eight available officers for five interview windows and is therefore not interviewing at peak capacity now. In addition, ELOs serve full time in the fraud prevention unit (FPU) and the ACS unit when, in fact, the workloads of those two units do not require those extra resources. These ELOs could easily be redeployed to the NIV unit as workload there increases until their tours end.

**Recommendation 10:** The Bureau of Consular Affairs should reposition two of the entry-level immigrant visa officer positions, when the incumbents complete their tours, to another mission's consular section with a higher priority need. (Action: CA)

Workload growth in the next few years will be in NIVs, where both Moscow and St. Petersburg have experienced an approximate 10 percent growth in visa applications in each of the past two years. IV work, focused in Moscow, has decreased while ACS work remains steady and time consuming. At present Moscow and St. Petersburg have the LE staff resources they need to cope with NIV workload growth. The NIV section of this report recommends several efficiency measures that will allow existing staff to increase production as workload grows. Cross training of IV, ACS, and FPU LE staff in NIV processing will also prepare the section for an eventual redistribution of LE staff resources to NIV. In line with this thinking, the consul general decided during the inspection to leave an IV LE staff vacancy unfilled



until later in 2007 in order to redirect it to the NIV unit if required. The OIG team encouraged similar evaluations of future LE staff vacancies in order to rightsize the consular operation and prepare it for workload shifts.

## **Training**

Moscow's consular management uses three training tools for its ELOs: the consular rotational program, other functional and regional rotations, and in-house training. There is an ambitious consular rotational program that enables almost every officer to serve in at least three of the four consular units during a two-year assignment. Moscow has three ELO positions (one unfilled) that rotate after one year to another section of the embassy. It also has an effective program to staff its small consular sections in Yekaterinburg and Vladivostok with ELOs who have spent their initial year in Moscow where they are specifically prepared to take over management of one of those smaller consular sections for the second year.

In addition to this rotation program, consular management also pursues opportunities for its ELOs to provide TDY support to consulates in Russia and at other Russian speaking posts and to do nonconsular rotations into other embassy sections in Moscow. ELOs also participate in university outreach programs, American Center and American Corner programs, and as event speakers on visa issues. Moscow's vibrant rotational and outreach program for its consular ELOs contributes, along with its congenial and approachable managers, to its positive morale. Because of its size, St. Petersburg's consular section has fewer opportunities for internal rotations, although all ELOs take turns providing ACS services. St. Petersburg, however, regularly uses its consular ELOs as control officers for official visits and as reporting officers in addition to a well-organized consular outreach program to the seven regional capitals in their large consular district.

The section's orientation for new NIV and ACS officers is less well organized than the rotation program; officers learn almost exclusively by observing for a day or two. The inspection team found that newcomer training in those two units was the only low point for most of the ELOs in an otherwise overwhelmingly positive consular experience. Training for newcomers to the IV unit is more effective. The unit chief prepared training materials and organized off-site retreats for focused instruction. Employees participate in working visits to other consular sections and share what they have learned. Most employees agreed that the unit chief's targeted, practical plan works.

Recently, consular management assigned an ELO serving in the NIV unit to develop a training module. Development of this training module to include timetables,

consultation with the FPU, a handbook, and supervised interviewing in each unit is a project that should involve senior management in addition to an ELO. The OIG team made an informal recommendation that the deputy consul general work closely with the ELO on the development of the training program so that it incorporates segments for all the units as well as a process for updating the content in coming years.

Regular meetings are also useful tools for training. Moscow's consular officers meet weekly with the CG; the unit chiefs also have a weekly session with consular management; and there is a monthly training day that allows each unit to pursue a targeted training agenda. The IV and ACS units have meetings that include the LE staff, but the NIV unit holds two separate meetings on its training day—one for officers and a second, under the leadership of the senior LE staff, for the LE staff. Although the unit's size makes it difficult to find a suitable meeting location, the OIG team made an informal recommendation about the need to find a mechanism for exchanging information with NIV LE staff. With the arrival of the new consular section chief several weeks before the inspection, St. Petersburg's consular section initiated a weekly meeting in two parts. The first half includes all consular staff, and the second half follows with an officer session. All employees feel free to contribute, and there is considerable synergy between the LE staff who process and the officers who adjudicate. All the consular sections have focused on the consular correspondence courses and require their completion for all new consular LE staff.

### **Consular Coordination**

The Moscow CG oversees the consular section in Moscow and also coordinates consular operations countrywide, as is the case in many other countries with multiple consulates. The CG hosts an annual consular conference in Moscow, he or the deputy CG visit each post once a year, and both senior managers are accessible by telephone or e-mail for ad hoc consultations. Despite these management initiatives, the inspection team found internal control issues, variations in the administration of the referral system, personnel problems, and workflow anomalies among the four consular operations that call out for increased coordination and leadership from Moscow.

The inspection team made informal recommendations for increased regional travel either by the CG or by the unit chiefs, not only to examine how consular officers are performing their work but also to ensure that principal officers and other section managers are facilitating consular work, providing statutory oversight, and assisting consular managers with thorny personnel issues. The team also suggested countrywide standard operating procedures to ensure that all sections adhere to



CA's most recent guidance on file maintenance, fee collection and accountability, the proper role of consular LE staff, the importance of training for newcomers, and the implementation of the referral program.

## **Nonimmigrant Visas**

Despite few interview windows, its poorly configured and equipped work space and waiting areas, a prolonged staffing gap in the unit chief position, and several vacancies among the LE staff, the Moscow NIV unit provides good service, keeping appointment backlogs to less than two weeks most of the year. The NIV units in St. Petersburg, Vladivostok, and Yekaterinburg had backlogs shorter than five days at the time of the inspection. Each post has an appropriate mechanism for expediting appointments.

The consular sections in Vladivostok and Yekaterinburg are very small, making it relatively simple to manage NIV workflow.<sup>2</sup> In Moscow and St. Petersburg, however, NIV operations require streamlining and increased attention to CA's processing guidelines. In Moscow, a noninterviewing officer was clearing all the biometric fingerprint results without seeing the applicants or their passports and applications, contrary to CA's April 2006 guidance. The unit chief adopted CA's recommended procedure during the OIG visit, enabling interviewing officers to confirm identity and detect any anomalies in previous travel while applicants are still at the interview window.

Moscow's jury-rigged series of NIV holding areas makes it difficult to manage people flow without waiting room facilitators. Moscow has one or more LE staff in the waiting area providing traffic control, sorting through the passports for that day's applicants, matching applicants with their documents (delivered several days earlier by courier service for data entry and prescreening), and lining those applicants up in front of interview windows. This process leaves LE staff outside the consular hardline for several hours each day where they are not performing the essential visa processing tasks for which they have been hired. The existing process also arrays applicants' personal documents in a public area, and it creates the potential for influence over the assignment of visa applicants to particular interviewing officers. The OIG team made an informal recommendation about revised workflow that would keep passports and applications as well as LE staff behind the consular hardline and ensure that applicants are called to the interview windows randomly. The team also made an informal recommendation that consular management include the provision

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<sup>2</sup> Vladivostok and Yekaterinburg consular sections each have one officer handling consular services, supported by three and four LE staff respectively.

of contract waiting room facilitators in the call center contract that was being rebid at the time of the inspection. Those facilitators would move applicants between waiting areas, to the fingerprint stations, and away from the windows after interviews, but would not play a role in selecting applicants for interview and would not be in control of an applicant's documentation.

Moscow moved to the electronic visa application form during the inspection, a few days in advance of the deadline for worldwide implementation. Initial evidence indicates that data entry clerks can process the same number of applications in three to four hours that had previously required eight hours. Because data entry was determining the number of appointments Moscow could handle each day, these savings should go far in reducing appointment wait times during peak periods. Moscow had ordered additional bar code readers prior to the OIG visit, and the OIG team informally recommended that they also order a sufficient number of cameras to permit photo capture and bar code scanning/data entry by the same clerk rather than moving passports from one station to the next for each activity. The large NIV unit had only three cameras and no backup capacity. Similarly, the consular section was sharing one document scanner among the antifraud, security advisory opinion, diplomatic note, and referral functions—located on two different floors. CA's Executive Office responded positively to Moscow's request for this additional equipment during the course of the inspection.

The inspection team was struck by two issues on its first walk through the consular section: the quantity of passports and applications moving through the process several days in advance of an appointment and the state of the issuance and refusal file rooms. With the advent of the paperless e-application in six months, the decision to have a contract courier service deliver most of the NIV applications to the consular section five or more days in advance of the applicants' appointments has to be reviewed in any event. The OIG team urged consular management to review its processes for document intake in light of this impending change and to move towards the more customary process where applicants present their passports, photos, and supporting documentation on the day of their interviews. This will mitigate the current situation where passports move from one holding shelf to another, unsecured at night, reviewed and handled by a variety of contractors, LE staff, and officers even if the applicant decides not to keep his appointment.

The file room situation will be solved easily now that the post has started filing its NIV applications by issuance and refusal dates, as CA requires. Because the consular section data enters its applications five or more days before the actual interview date, a full-time NIV file clerk was reorganizing 350 to 500 applications per day in several groups by julian date. This procedure devoted an LE staff resource

to a time-consuming task that did not comply with file maintenance guidelines. Post made the change to recordkeeping procedures during the latter part of the inspection visit.

In St. Petersburg, the contract courier also provides remote data entry of virtually all NIV applications. Like Moscow, St. Petersburg requires the contract courier to deliver passports and applications several days in advance of the actual appointment. During that time, LE staff capture the photos but do not verify the accuracy of data entry until the actual appointment date. Consular management is reviewing their workflow in light of inspection suggestions about the inefficient use of two senior LE staff for the relatively junior task of data verification, the length of time applicants spend in the waiting room, and the advent of the e-application process.

NIV workflow in St. Petersburg is further complicated by the ineffective public access control at the entrance to the consulate general. This situation is detailed in the classified annex to the inspection report, but even if consular personnel streamline their own workflow, they are unable to process more applicants during peak months because the security screening personnel at the entrance to the building cannot process the consular clientele any faster. Even if this situation is improved through the anticipated installation of new security equipment, the consular section could benefit from a contractor to work outside the consulate building and make sure that visa applicants, who currently wait in a median strip to be called forward by the local police, are ready for admission to the security screening area.

In Yekaterinburg, the sole ELO oversees an efficient operation. A second mid-level consular officer will join the consular section in 2007, which should allow Yekaterinburg to handle its peak season NIV surge without the customary TDY assistance from Moscow. The inspection team noted one area in which the post was not following CA's standard operating procedures on the requirement that a supervisory officer review all NIV refusals. The Foreign Affairs Manual, 9 FAM 41.121 PN 1.2-8 and 41.113 PN 18, recommends that the refusing officer's direct supervisor conduct that review on the day of the refusal or as soon as administratively possible. Further, the manual states that the supervisor should make spot checks of approved NIV applications. Yekaterinburg's consul general has not been complying with these stipulations, but he told the inspectors that he would fulfill the requirements.

**Recommendation 11:** Embassy Moscow should verify that Consulate General Yekaterinburg complies with all required visa refusal and issuance review policies. (Action: Embassy Moscow)

Vladivostok's sole officer oversees a very effective NIV operation. The post does not anticipate significant workload growth requiring additional officer resources in the near future.

### **Security Advisory Opinions**

All of the consular sections process a significant number of security advisory opinions, particularly Visas Bear<sup>3</sup> for government officials and Visas Mantis for technology transfer cases. All have an appropriate system for documenting, submitting, and tracking these cases. Embassy Moscow has developed local guidelines for evaluating some U.S. government-sponsored programs and the necessity of submitting applicants' names for Mantis clearances. CA has not reviewed Moscow's evaluation of Mantis criteria and its applicability to certain types of cases to ensure standardization.

**Recommendation 12:** Embassy Moscow should submit its guidelines for processing Visa Mantis cases for U.S. government-sponsored travel to the Bureau of Consular Affairs for an interagency review. (Action: Embassy Moscow)

All government of Russia official visa applicants are vetted through the Visas Bear process. Preparing over 2,000 cases annually for submission, tracking, and following up on delayed responses in high profile cases drains both officer and LE staff resources even though the only officials identified in that process as possible ineligible travelers over the past several years have been persons already highlighted in the visa lookout system. A prompt resolution to the ongoing consultations about the future of the Visas Bear requirement would have a significant impact on Moscow's NIV resources.

### **Referrals**

The Moscow consular section was in the midst of reinstituting the standard class B referral procedure during the inspection. Consular management also changed its workflow for class A referrals so that only those meeting the referral criteria are entered into the referral database. Previously, a data entry clerk was preparing all proposed referral cases in the consolidated database before an officer reviewed the appropriateness of the referral, skewing the referral statistics.

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<sup>3</sup> Embassy Moscow proposed streamlining of the Visas Bear process, and the Bureau of Consular Affairs is vetting that proposal with its partner agencies.

St. Petersburg's referral system functions according to regulation, but the OIG team noted a tendency for some nonconsular officers to inquire about refused cases where in fact a class B referral would have been more appropriate. The new consular section chief was addressing this trend. Vladivostok was in line with CA's referral guidance in 9 FAM Appendix K and the Consular Management Handbook, but Yekaterinburg's visa referral system requires attention. The consulate general has a correctly written referral policy, but the consul general does not always follow that policy. The consul general said he would comply with all requirements.

**Recommendation 13:** Embassy Moscow should verify that Consulate General Yekaterinburg complies with mandated visa referral system policies. (Action: Embassy Moscow)

## Immigrant Visas

Embassy Moscow's IV unit, responsible for IVs adjudicated in Russia and Turkmenistan, provides good customer service. Adoption visa work makes up much of the unit's job; some adoption petition issues need to be resolved. Using CA statistics on IV processing worldwide, Moscow's IV staffing is excessive, and its workload has decreased steadily in the past several years. In general, the unit has sufficient equipment although the inspection team informally recommended that the IV unit, like the NIV unit, request more photo capture cameras from CA.

Adoption cases account for about half of the unit's work; the IV chief spends about 20 percent of her time on it. The unit usually processes adoption visa applications within one working day. Adoption visas in Russia involve almost no fraud. If there is any anomaly in an adoption case, however, the interviewing officers do refer them to the FPU for investigative action. The OIG team observed positive relationships between families and consular section staff.

An approved form I-600 is an integral part of the IV process for an adoption case. Normally DHS/CIS approves its own forms, like the I-600, when that office has representation at a U.S embassy. For at least the past 10 years, however, Moscow's IV officers have been reviewing and approving the I-600s as part of the final IV interview despite DHS/CIS's presence at post. This one-stop processing plays a large part in Moscow's ability to provide same day service in most adoption cases.

DHS/CIS may delegate petition evaluation power to the IV unit if it wishes under 8 CFR 204.3, but there is no evidence either in Moscow or in the Department that DHS/CIS has ever done so for the Moscow IV unit. Thus, the DHS/CIS office

at Embassy Moscow should be adjudicating the I-600s. The IV unit, however, wants to continue approving them to expedite adoption cases, while the DHS/CIS office is considering whether it should reassert its regulatory control. This situation must be resolved.

**Recommendation 14:** Embassy Moscow, in coordination with the Bureau of Consular Affairs, should reach an agreement with the Department of Homeland Security, U.S. Citizenship and Immigration Service, regarding authority for I-600 adjudication. (Action: Embassy Moscow, in coordination with CA)

Moscow's IV team includes five officers and 10 LE staff. CA estimates 5,000 IV cases per officer as an average annual baseline IV output, which means that normally five officers should process 25,000 IVs each year. Although the IV unit chief projects an estimated 7,500 applications in FY 2007, workload has actually fallen by 35 percent since FY 2000 when the unit had only three officers. Even if Moscow does experience its predicted increase in IV cases in FY 2007, it should be able to handle that increased IV workload easily with three full-time officers.

The IV unit also processes nearly all fiancé(e) visas countrywide. For all practical purposes, fiancé(e) visas require as much processing time as IVs. In FY 2007, the IV unit expects to adjudicate about 2,000 fiancé(e) visas. Even adding that total to the optimistic 7,500 IV target, a three-officer IV unit should be able to process its workload comfortably and with the same high customer service standard. Based on this analysis, the OIG team identified two IV unit ELO positions for repositioning to consular sections with greater need. The earlier consular management section contains the formal recommendation on this matter.

The IV unit does not follow Records Management Handbook or Foreign Affairs Handbook file retention guidance. The unit keeps IV files long after deadlines. The OIG team made an informal recommendation to seek a waiver from CA if it plans to continue the procedure. The inspectors also noted that IV staff review cases five or six times before printing visas. The OIG team informally recommended streamlining the process.

## **American Citizens Services**

ACS operations in Russia use most of their resources to provide citizen and passport services. Because Russia still has an exit visa requirement, the ACS staff, especially in St. Petersburg, also spend considerable time and attention writing official notes to local authorities to help U.S. citizens with lost or stolen passports replace their exit visas or extend their stays if they need to stay in Russia longer than permit-



ted by their original visas. Although these statistics are not captured in the consular package, the exit visa letters do consume limited ACS resources. The country's large physical distances also impede ACS work. Visiting prisoners and verifying federal benefit claims, for example, pull staff far afield for days at a time. The OIG team observed ACS staffers professionally and expeditiously managing situations from repatriating Americans to performing notarial services at all four posts.

About 10,000 Americans living in Russia are registered with the ACS units. The consular sections keep in touch with those who have e-mail addresses through periodic warden messages, notices that a consular officer intends to be in their locale, and other useful updates on travel and safety issues. Tens of thousands of additional Americans visit the country annually. The ACS units serve as a contact point between the embassy and this population for a wide variety of information about conditions in Russia. Americans may encounter problems, including natural disasters. To help resolve these problems, the ACS units have developed excellent relationships with local authorities. The mission warden system meets requirements for circulating effective emergency safety and evacuation information to Americans. The embassy's web site consular ACS page contains useful, well-organized information.

During the inspection, the OIG team suggested several techniques to improve ACS operations across Russia. These included establishing targeted employee training programs, cataloging reference materials, and developing consular outreach, representation, and reporting plans. Officers managing the ACS units began implementing these proposals while the team was still conducting the inspection.

### **Consular Agency-Sakhalin**

Vladivostok's vice consul supervises a consular agency on Sakhalin Island. A part-time consular agent and one part-time LE staff serve approximately 2,000 registered U.S. citizens working in the petroleum sector. The busy agency accepted three times more U.S. passport applications during the first six months of its operation (April through September 2006) than did Vladivostok itself. The inspection team did not visit the consular agency due to its remoteness, and the consular agent was in Washington for training during the inspection. The consulate in Vladivostok provided information about the agency's workload and performance.

### **Fraud Prevention Unit**

Both Moscow and St. Petersburg have FPUs and assistant regional security officer-investigators (A/RSO-I) that work together effectively to detect fraud and evaluate cases for possible prosecution. In Moscow, the FPU is staffed with a mid-level



chief on her first consular assignment, a rotating ELO, and four LE staff in addition to the A/RSO-I. Given the level of fraud in Moscow, this staffing is generous.

The A/RSO-I relies on one of the LE staff for support on a variety of complex investigations but is not his supervisor. Without the full-time support of that expert LE staff and his police contacts, the A/RSO-I's effectiveness is limited. Given the level of FPU staffing and experience and the number of high priority cases the A/RSO-I is handling, supervision for this LE staff should be reassigned from the FPU to the A/RSO-I, reserving some of his time for FPU activities that require his police contacts. The Bureau of Diplomatic Security plans to create LE staff positions to support its A/RSO-Is worldwide in FY 2008, but until that plan is implemented, Moscow's A/RSO-I should be authorized to task, evaluate, and train that FPU resource. The position should, however, remain a consular position, under the ultimate authority of the consular section chief. Supervisory authority may shift in future with changes in personnel or in the overall needs of the consular section.

**Recommendation 15:** Embassy Moscow should authorize the current assistant regional security officer-investigator to task and supervise the current locally employed incumbent of position C31218 to carry out the consular section's fraud prevention goals. (Action: Embassy Moscow)

The FPU LE staff prescreen the documents for almost 100 percent of the nondiplomatic NIV cases, making notes for interviewing officers and checking job letters prior to interview. This time consuming process pays minimal dividends given the number of cases handled each day in order to highlight areas of concern that a well-trained officer should detect on the interview line. Once e-applications take effect, the unit will have to revise the way it does business and focus more on training officers to detect fraud trends and refer suspicious cases for investigation. The OIG team made some suggestions about ways to develop better NIV-FPU synergy. In this respect, the OIG team also recommended ways to ensure that LE staff screening does not encroach on adjudication but instead complements officer efforts. The inspectors reminded both the FPU manager and the A/RSO-I about the need to give priority to ACS and IV fraud prevention.

In St. Petersburg, the FPU consists of one locally employed investigator who works in tandem with the A/RSO-I and the part-time ELO fraud prevention manager. This arrangement appears to be sufficient for the size of that consular section. The A/RSO-I arrived at post about three months before the inspection, but during that time he was used primarily for G-8 Summit security duties and then for full-time vice consul duties during prolonged ELO absences. Given the security and staffing challenges of the St. Petersburg consulate general, discussed in both the classified an-

nex and the St. Petersburg subsection of this report, the post will have to be vigilant not to lose sight of the memorandum of understanding with CA that governs the A/RSO-I's assignment and to ensure that he has the time to devote to his investigator duties.

## **SECURITY**

The Ambassador completely understands that he has full and direct responsibility for embassy security and is sensitive to the threats against the mission. Both the Ambassador and the DCM provide strong oversight and guidance to the senior RSO, resulting in a proactive, well-coordinated, and focused security program. Security practices and training are consistent with identified threats.

The senior RSO has unrestricted access to the Ambassador and meets with him as needed outside of regularly scheduled staff meetings. The senior RSO confers with the DCM, his immediate supervisor, to discuss security issues that are outside the scope of the normal country team meetings, and meets with him weekly on security issues, and more often as the need arises.

The security program at Embassy Moscow is exceptionally strong and effective. Through a succession of excellent security officers, an extraordinary security program has been developed and well documented. The current senior RSO has built on this sturdy foundation and has enhanced many of the embassy's security programs to include residential security and the overseas security advisory council. See the classified annex to this report for a discussion of the key challenges facing the embassy's security program.

The number of embassy employees who work in the former chancery building has been reduced. An interim consular renovation project that mitigated some of the building's physical security vulnerabilities was completed; however, the building remains unsafe due to a number of security and safety issues. The Bureau of Overseas Buildings Operations (OBO) postponed a NOX project because of funding and construction security concerns. This project, however, is extremely important and needs to go forward as soon as possible to provide a safe and secure workspace for all embassy employees. The classified annex contains several recommendations relating to this project.

Embassy Moscow currently maintains approximately 300 government-owned and-leased housing units including on-and off-site apartments and single-family residences in its housing pool. The residential security program, under the direct

supervision of an assistant RSO, is comprehensive, effective, and in compliance with applicable standards. The success of the program can be measured by the fact that, in a time of generally increasing crime, there has been no successful residential burglary at an embassy residence in over two years. The embassy has two 24-hour mobile patrols that can respond to residential emergencies, and off-site landlord-funded local building security guards provide residential security.

For a more comprehensive review of the embassy's security program, refer to this report's classified annex.



**RESOURCE MANAGEMENT**

Agency	U.S. Direct-Hire Staff	U.S. Local-Hire Staff	Foreign National Staff	Total Staff	Total Funding FY 2006
State - D&CP	128	11	239	378	\$10,463,600 <sup>4</sup>
State - ICASS	107 <sup>5</sup>	48	552	707	24,573,300
State - PRM	1	1		2	147,070
State - LES/INL	1	1		2	990,810
State - Public Diplomacy	14	2	62	78	19,314,000
State - Consular MRV	9	6	131	146	421,860
State - Diplomatic Security	13	5	79	97	1,728,468
State - MSG	32		10	42	429,596
State - OBO	3		1	4	8,747,710
USAID	16	1	82	99	70,200,000
US&FCS	10	1	37	48	1,339,048
Department of Energy	8	1	15	24	597,043,000
DOD -- Defense Attaché Office	26	4	7	37	1,203,009
DOD-DTRA	18	1	1	20	1,046,465
DOD - Office of Defense Cooperation	2			2	100,497
DOD - POW/MIA	2		4	6	307,000
Foreign Agricultural Service	5		13	18	673,869
Federal Aviation Administration	1		2	3	89,600
DOJ -- Drug Enforcement Administration	6		2	8	174,000
DOJ/Federal Bureau of Investigation	7		2	9	1,953,817
DHS	23 <sup>6</sup>	1	4	28	1,199,272
Library of Congress	1			1	Not available
Centers for Disease Control	1			1	Not available

<sup>4</sup> Does not include salaries of U.S. direct-hire employees.

<sup>5</sup> Includes 83 PAE contractors.

<sup>6</sup> Includes nine PAE contractors.

Oversens Private Investment Corporation	1		1	2	Not available
NASA	8 <sup>7</sup>	1	4	13	3,500,000
VOA/IBB	1		3	4	248,744
<b>Totals</b>	<b>444</b>	<b>84</b>	<b>1,251</b>	<b>1,779</b>	<b>\$745,894,735</b>

## OVERVIEW

Embassy Moscow is, unequivocally, a well-managed mission operating in a security environment unknown in most embassies. The management section staff works well together. Support to the constituent posts is generous but is not sufficiently focused. By any standard, Moscow is a very large and complex mission, yet coordination and cooperation among all agencies is notable. In addition to issues common to all large embassies including significant staffing gaps, Moscow works in a hostile security environment that requires all staff to make considerable adjustments to procedures and requirements not found at other posts. The numerous references to the classified annex to this report are indicative of the sensitivity of many operations in Russia.

This mission's 1,779 positions are distributed among the 38 agencies using ICASS services including three consulates general and other U.S.-funded activities, some in the far reaches of Siberia. The numbers alone can be intimidating, but when added to the realities of vast distances and limited national infrastructure, providing support to this mission entails staggering challenges. Fortuitously, Department operations are well funded, with FY 2006 allocations totaling \$67 million although demands on the mission continue to grow.

## MANAGEMENT SECTION

Good leadership invariably generates good results. The OIG workplace and quality of life questionnaires scores for Embassy Moscow were high, with most categories scoring higher than worldwide averages, a remarkable achievement for a very large embassy in a hardship environment. Clearly their customers are happy. Both senior management officers and every head of each management subunit are first-rate professionals. The OIG team could not identify any weakness in the quality

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<sup>7</sup> Does not include 40 staff on rotating temporary duty assignment.

of the American staff. Information flow is good, and teamwork is palpable. The OIG team observed the support provided to a visit by the Secretary of State, and the Secretary's executive director praised the administrative support that the embassy provided. Heads of agencies and their administrative officers were equally effusive in their positive comments.

## **Support to Constituent Posts**

Overall, the embassy has managed to balance local empowerment while retaining oversight when working with its constituent posts. One weakness was that management support to the consulates, although generous, was not sufficiently focused. (This included not only support to the constituent management sections but also to regional security offices, consular sections, and others.) The embassy has taken a traditional approach, invariably taking resources from Moscow and lending or permanently transferring people to fill gaps in the consulates. Officers sent on temporary duty are typically expected to perform routine functions and not much else. What the consulates need is specific, focused help tailored to each post.

St. Petersburg, with its history of management problems, is a case in point. The inability to assign qualified officers should be laid at the Department's door, but by agreeing to fill in where the Department has failed, the embassy, though well meaning, has to take some responsibility for allowing a general services officer (GSO) to go there and become swamped with demands in disciplines for which she had no training (see the section on constituent posts). Conversely, Yekaterinburg is well managed by an overworked officer who simply needs temporary manpower to help her, inter alia, reduce the holdings in the warehouse. The embassy needs to take an inventory of those issues that need attention at each post and, when sending anyone there, establish a formal work plan that spells out specific goals the TDY employee is expected to achieve.

**Recommendation 16:** Embassy Moscow should identify, in consultation with each constituent post, specific areas where assistance by the embassy would be appropriate. (Action: Embassy Moscow)

**Recommendation 17:** Embassy Moscow, when sending staff to the constituent posts, should create a work plan outlining expected accomplishments and a reporting mechanism to measure achievements or follow-up actions. (Action: Embassy Moscow)



## **Working in a Strict Security Environment**

To protect sensitive information from an aggressive and capable foreign intelligence service, the embassy operates in a manner found at only a handful of other missions. The objective is to preclude access to classified areas and to segregate sensitive unclassified information, routinely handled by LE staff at most other posts, from access by host country nationals in Russia (see the classified annex). Moscow employs cleared U.S. citizen contract employees to perform duties routinely done by foreign nationals elsewhere and for that reason has a disproportionate number of EFM positions when compared to most missions. This practice is prudent, and any thought of reducing the number of cleared U.S. employees or of reducing the scope of their work would be ill advised (see the classified annex).

## **Human Resources**

The human resources (HR) section is a model of efficiency, effectiveness, and customer service. HR also manages a Russian language program that the OIG team has identified as a best practice. The section operates under a security regime that requires some adjustment to customary practice. The section consists of one HR officer, one HR professional associate filling a second permanent HR officer position, and three American EFMs. The section also maintains a pool of EFMs who provide office management support throughout the mission. Three FSNs and a receptionist provide HR services to non-American LE staff, and two provide training, visa, and documentation services. The section also includes a four-person translating unit.

Unlike most posts, only persons with security clearances have any access to the personnel records of U.S. officers or EFMs. This strict separation is fully understood by all the section's employees, and they have adapted well to the operational and physical barriers. Non-American employees' files are handled by FSNs. All of the employees are models of efficiency. The FSN staff and the receptionist handle the entire HR workload for 1,251 employees - a remarkable level of efficiency, especially given the challenges of recruitment and retention plaguing the mission.

The U.S. staff also has to deal with unusual circumstances. Eighty-four EFM positions, all but one of which requires a security clearance, is an unusually high number. Moreover, the post has three professional associates while most posts have none, requiring yet another level of expertise in HR management. Like most missions, Moscow has its share of vacancies due to the Department's inability to staff posts fully, but the embassy is generally sufficiently robust to be able to absorb gaps

and still assist the constituent posts. Consulate General St. Petersburg is now, and other consulates general have been in the past, a place where staffing has been problematic.

### **Contract American Staff**

To protect national security interests, the Department has contracted with PAE to provide 83 blue collar and clerical staff to perform duties that at most other missions would be performed by LE staff. PAE provides people with skills not normally found in the Foreign Service such as electricians, plumbers, and window cleaners, or support in areas where access to information could be problematic (information management and financial management). Contracting to replace LE staff is a very expensive proposition, but when compared to the value of sensitive materials or maintaining the integrity of a \$500 million facility, it is a necessary and prudent practice.

St. Petersburg has four PAE contractors, and Vladivostok has one PAE contractor. Keeping a residual PAE presence in St. Petersburg for the time being is justified although four seems excessive. PAE contractors are significantly more expensive than LE staff, and the nexus of having PAE is to protect national security interests. The PAE position in Vladivostok may be a residual of a bygone era because the post is entirely unclassified. A review to determine the need for each PAE position in the constituent posts is appropriate.

**Recommendation 18:** The Bureau of European and Eurasian Affairs, in coordination with Embassy Moscow, should review the need for contract positions in the constituent posts. (Action: EUR, in coordination with Embassy Moscow)

### **Locally Employed Staff**

The vast majority of LE staff are Russian citizens. The OIG team met with a representative committee, and their issues were exactly parallel to those expressed by mission management – erosion of salaries and lack of a viable retirement plan. Complaints regarding salaries are common during inspections, but Moscow, unlike most other posts, has a well-documented track record to support the complaints. Moscow and its constituent posts are centers of a booming economy. Moscow is rated as one of the most, if not the most, expensive cities in the world by numerous international surveys. As businesses grow, they compete for the same talent as the

mission – reliable, proven employees with some English speaking ability. Moreover, businesses have significantly more flexibility in pay and benefits than the Department has. The high cost of living, particularly for housing, is a determining factor for new entrants into the job market.

The embassy has demonstrated loss of staff due almost exclusively to non-competitive salaries. In addition to losses in the professional staff described in the section on public diplomacy, the embassy is experiencing losses among drivers and guards who in most parts of the world are readily available in the labor pool. Even though there have been incremental pay increases, they have not kept up with either costs or salaries in Moscow. Russia hit an economic low point in 1998. Since then, the cost of living has steadily risen at a rate of 11 percent each year. Statistical data indicates that salaries have lost between 60 and 70 percent of their purchasing power.

Part of the lack of competitiveness is due to a structural problem in the pay plan – FSNs are paid in rubles, but the plan is denominated in dollars. Paradoxically, as the dollar weakens, the FSNs receive fewer rubles in a growing ruble-economy market. That nuance will be eliminated when the next plan is adopted. Nonetheless, converting the plan to denominate in rubles will not alleviate the mission's problems without an infusion of new money.

The mission contributes to Russian social security at an employer-only contribution rate of 26.4 percent of salary. The problem is that the payout upon retirement is a maximum of \$150 per month. Clearly, the payout does not warrant the cost of participation. In most countries, the U.S. government would simply opt out of the local system. However, the decision to participate was made for political reasons, therefore opting out is not a viable option. Employees are caught in a bureaucratic conundrum as the host government plan is not sufficient to provide for an adequate retirement and their employer, the U.S. government, will not contribute to two plans. The Department is working to devise a supplementary system that has not yet reached fruition.

**Best Practice:** Russian language immersion program

**Issue:** Officers do not always have the necessary language skills to work effectively in Russia, particularly on sensitive policy issues. The embassy also has hired EFMs to work in areas requiring excellent language skills.

**Response:** In 2000, the embassy began using the training facilities of a Russian institute located in the city of Tver, about 100 miles from Moscow. Students stay with Russian families -- immersion training at its best. Students attend the program for one week to two months depending on language need and the amount of time they can be away from their work.

The program is funded with a grant (\$130,000 in FY 2006) from the Foreign Service Institute, supplemented by embassy funds. Because the Foreign Service Institute only provides a maximum of 24 weeks of language training to ELOs, this program helps bring them up to the level required to do their jobs.

**Result:** The program has trained between 26 and 38 people annually, a total of about 145 since its inception. EFMs are also encouraged to attend and, in 2007, six have done so. The program is also available to employees from other Russian-speaking posts, although during the inspection there were no students from other posts participating. This program is so highly regarded that 11 Foreign Service Institute students have paid their own way to Tver to take supplemental training. The benefits of the training are universally applauded. One weakness is a lack of quantified data regarding improvement in test scores. The OIG team provided an informal recommendation to address this issue.

## General Services

The general services office, which includes the facilities maintenance section, effectively supports the embassy and provides quality services to the steady flow of official visitors who come through Moscow. The staff consists of a supervisory GSO, three assistant GSOs, two facility maintenance officers, 47 PAE contractors, and 190 LE staff. The office has established new automated systems such as the Department's Web Post Administrative Software Suite for procurement actions and Web Nonexpendable Property Application for recording nonexpendable property.

The shipping and customs unit functions well. A commercial contractor provides travel services to embassy personnel. The travel and visitors unit provides a variety of administrative support for all official visitors. There are some weaknesses in the areas of property management for facilities supplies, motor pool, and procurement.

### **Property Management**

Embassy Moscow follows sound practices in managing both classified and unclassified personal property. The embassy conducts required inventories of expendable and nonexpendable supplies, tracks the locations of property correctly, and prepares timely receiving reports. The inventory of the facilities section's expendable supplies and disposal procedures need greater attention, however. During the inspection, the embassy held an auction sale of its excess nonexpendable property. Despite the three auction sales that the embassy holds every year, there are excess stock levels for some residential furnishings. The property management section has established procedures to order only furniture items below the minimum stock levels. The embassy also maintains excessive stock levels of maintenance supplies. There is no documentation in the form of requirements determinations to show a bona fide need for those existed quantities. At the time of the inspection, Embassy Moscow was inventorying and reconciling maintenance supplies, but more work is needed. Maintaining appropriate warehouse stock levels of facilities items could reduce the mission's accountability and strengthen management controls for property. The OIG team made an informal recommendation that Embassy Moscow continue establishing maximum and minimum stock levels for maintenance supplies and document a bona fide need for those items.

### **Facilities Maintenance Supplies**

The facilities maintenance section maintains an inventory valued at \$1.5 million to support its operations. They have completed an inventory on maintenance supplies located in the embassy compound; however, they have not completely inventoried and reconciled maintenance supplies at the embassy warehouse every year as required. At the time of the inspection, there were discussions of transferring facilities inventory management's responsibility to the property section. The inspection team concurs with this proposal. If not addressed promptly, the embassy would have to report control weaknesses for this operation in its next management controls certification.

**Recommendation 19:** Embassy Moscow should transfer inventory responsibility for facilities expendables to the property management unit and perform a complete inventory and reconciliation of facilities expendables prior the submission of the embassy's property management report to the Department. (Action: Embassy Moscow)

### **Disposal of Property**

Constraints on sales exist in Moscow and at all the consulates general. Only other diplomatic missions or diplomats can purchase items brought into Russia duty free. Yekaterinburg's warehouse is cluttered. In St. Petersburg, there is excess property in the consulate building and at the warehouse. During the walk through of the St. Petersburg building, there were nonoperational typewriters, computer equipment, heaters, and fire extinguishers blocking the entrance or exit of some offices. In addition, the consulate building's attic is cluttered with maintenance items that clearly need to be disposed of or moved to a different location. At the consulate's warehouse, items labeled for disposal were not clearly grouped in one designated area. The disposal of government-owned property is a true challenge; however, all methods of disposal should be explored and used in accordance with 14 FAM 417.3.

**Recommendation 20:** Embassy Moscow should establish countrywide milestones to dispose of excess property and use all methods of disposal in accordance with Department regulations. (Action: Embassy Moscow)

### **Motor Vehicle Management**

Embassy Moscow operates a large vehicle fleet consisting of program, diplomatic security, and ICASS vehicles. In reviewing the country fleet records, the number of vehicles maintained in Embassy Moscow and its consulates does not match the inventory records kept by the Department's motor vehicle office. The reason for this problem in Moscow can be attributed to the mission's not seeking Department authorization through the standard form (DS-1559) for the disposal of 12 official vehicles from FY 2003-05. The mission instead prepared a property disposal authorization and survey report (OF-312) for the sale of those official automobiles, an inappropriate form of documentation. In addition, the embassy does not have disposal documentation for three official vehicles that were sent to Finland and a bus that was sold to another embassy.

In Consulate General St. Petersburg, two official vehicles were sold in auctions without the proper authorization of the Department. Consulate General Yekaterinburg transferred three vehicles from its fleet to Embassy Moscow, but the consulate kept no records documenting those actions. Consulate General Vladivostok disposed of six official vehicles without proper documentation.

**Recommendation 21:** Embassy Moscow, in coordination with the Bureau of Administration, should reconcile the country vehicle fleet inventory, fully documenting and justifying discrepancies and changes, and establish a valid inventory. (Action: Embassy Moscow, in coordination with A)

Embassy Moscow and Consulate General St. Petersburg maintain five and two program vehicles respectively exclusively to deliver the public affairs section's publications and invitations. In Vladivostok, there is a dedicated program vehicle for public affairs functions. Program vehicles are purchased and assigned to post to meet the official transportation requirements of Department employees including public affairs sections. Except for vehicles listed in 14 FAM 418.3-2, they cannot be assigned for exclusive use purposes. The public affairs sections in Moscow, St. Petersburg, and Vladivostok should not have exclusive use of program vehicles for delivery of publications and invitations. The public affairs section and the management section should discuss this issue to ensure that public affairs' administrative transportation needs are met without the use of dedicated vehicles.

**Recommendation 22:** Embassy Moscow should stop assigning exclusive use of official vehicles for public affair sections' deliveries and identify other ways to meet those sections' transportation needs. (Action: Embassy Moscow)

## **Procurement and Contracting**

The procurement section at the embassy provides good services to the mission's agencies and sections. The section executed 2,519 procurement actions in FY 2006, totaling about \$11 million. However, procurement services in St. Petersburg received low scores in the OIG's workplace and quality of life questionnaires. There were similar, though less severe, weaknesses in the other constituent posts. The secure procurement process has improved significantly since the last OIG inspection report. During the course of the inspection, the team identified minor management controls weaknesses and brought them to post management's attention. Embassy Moscow addressed these issues by adding adequate controls to its standard operating procedures for the secure procurement process.



Embassy Moscow and Consulates General St. Petersburg and Vladivostok can improve their purchase order procedures. A random sample of purchase orders showed that, in many instances, competitive quotations were not obtained for purchases above the micro-purchase threshold. Some of the purchase orders reviewed did not show important transactional information, such as competition, determination of price reasonableness, and the systematic presentation of cost and other information regarding quotations as required by Federal Acquisition Regulation 13.106-3. Some of the official procurement folders (DS-1918) were not reviewed and signed by the contracting officer as required by the Bureau of Administration's Office of the Procurement Executive. A few items claimed to be purchased from a sole source were not documented adequately. The justifications were almost always assertions by the requesting office that sole source purchases were necessary, with no indication of further review by the procurement office. In addition, pertinent documentation was not retained in the purchase order files. Records of correspondence between those receiving services and the procurement section and documentation identifying who requested services were sometimes missing. The 2002 OIG inspection report highlighted some of these issues. Moscow, St. Petersburg, and Vladivostok need to implement corrective actions now to address these issues.

**Recommendation 23:** Embassy Moscow should establish in writing and implement required procedures and controls for purchase orders to comply with Department regulations. (Action: Embassy Moscow)

Although purchase orders need better controls, the procurement section does a solid job in managing contracting activities. The contract files were orderly. The embassy stays in frequent contact with Bureau of Administration's Office of the Procurement Executive, which approves many of its contract practices.

### **Blanket Purchase Agreements**

Embassy Moscow and Consulate General St. Petersburg can improve the administration of blanket purchase agreements (BPA). There are 95 active BPAs in Embassy Moscow and 58 in Consulate General St. Petersburg. A review of the purchase agreements showed that some BPAs have not been used in years. Also, there are too many BPAs for one particular service. For example, in Embassy Moscow, there are 35 BPAs for interpreting and translating services. For most BPAs, the requirement office (the office requesting the BPA for supplies or services) had not named a BPA manager (the person in the office who manages and tracks expenditures) or updated designating ordering officials. Requirements offices were not tracking expenditures for BPAs. Some of the BPAs reviewed showed no documentation in the file to

determine whether the need for the BPA still existed, funds were available, the prices being obtained were appropriate, or the items or services obtained in the past were satisfactory.

The Department's Acquisition Regulation 613.303 stipulates that each requirements office appoint a BPA administrator and that the requirements office track BPAs usage with monthly and quarterly summaries of BPA purchases. When the procurement and contracting section is the requirements office, it is incumbent on that entity to perform these functions. In addition, Federal Acquisition Regulation 13.303-6 notes that the contracting officer must ensure that each BPA is reviewed at least annually and updated as necessary. Contracting officers must also be aware of changes in market conditions, sources of supply, and other pertinent factors that might warrant making new arrangements with different suppliers or modifying existing arrangements. The procurement sections at the embassy and the constituent posts are not meeting these requirements.

**Recommendation 24:** Embassy Moscow should establish a system for the management of blanket purchase agreements that meets Department regulations. (Action: Embassy Moscow)

### **Bulk Funding**

The embassy individually funds each transaction rather than establishing bulk funding for purchase cards and BPAs. In some cases this results in additional work for FMOs as well as procurement delays. Bulk funding for BPAs and purchase card transactions is designed to maximize efficiency within post's ICASS operations. Close coordination between the GSO and the FMO on BPA and purchase card funding is necessary. Embassy Moscow and its constituent posts would benefit by having BPAs and purchase card transactions bulk funded; however, the embassy needs to address the administrative weaknesses with BPAs first. The OIG team made an informal recommendation on this issue.

### **Travel and Visitors Unit**

Five LE staff work in the travel and visitors unit that provides administrative support to all official visitors to Moscow. It is especially busy arranging for the large numbers of high-level visitors ranging from the President to deputy assistant secretaries from multiple U.S. government agencies. The unit makes hotel reservations, provides expediting and interpreting services, organizes mobile phone and car

rentals, and assists in setting up control rooms. In FY 2006, the unit assisted 2,436 visitors from different agencies including eight congressional delegations and two Secretary of State visits. For the G-8 Summit, Embassy Moscow's travel unit assisted 716 visitors.

### **Facilities and Facilities Management**

Embassy Moscow's offices are housed in a new, modern, secure chancery, which is colocated on the new embassy compound (NEC) with several other facilities: the former chancery housing the consular section, DHS/CIS, and GSO and facilities storage; and a temporary annex housing USAID and the Agricultural Trade Office. US&FCS has offices in a commercial building, and NASA occupies two residential units on the NEC. A NOX, planned for occupancy in 2011, will eliminate the need for the former chancery and temporary annex buildings. See the classified annex for a discussion of this new annex.

A large recreational facility is located on the belowground concourse level of the NEC. It includes a pool, basketball gymnasium, handball court, squash court, sauna, weight room, exercise area, and lounge. The cafeteria, commissary, video club, barber/beauty salon, bank, and travel agency are also located on the NEC concourse, as are the medical unit and a daycare facility.

### **Former Chancery**

The Department is paying approximately \$1 million annually to lease the former chancery, which is an aging, cramped, unsightly, and crumbling firetrap. Moving the consular section back to the former chancery from the chancery was intended as an interim measure pending construction of the NOX, and the temporary annex building on the same site was originally intended as a warehouse. Staff apartments in the former chancery cannot be used because of structural, fire safety, and security vulnerabilities. Several of the upper floors are being used for equipment storage. NOX construction has been delayed because of disagreements over construction security arrangements. The earliest estimate of when the project might proceed is FY 2008. When completed, the NOX will bring all elements of the mission onto the NEC and into a secure facility. A complete description of conditions can be found in the classified annex to this report.

## Housing

[illegible]

The mission's interagency housing board has 10 members: five from the Department, one from USAID, one from either US&FCS or the Foreign Agricultural Service, one from the Defense attaché's office, one from the Defense threat reduction office, and one representing the other nonforeign affairs agencies. The minister counselor for management is designated as the post's single real property manager.

The housing board policy of assigning nonforeign affairs agency personnel to government-owned housing on an equal basis has serious and substantial financial implications for all Department-leased housing. Personnel from nonforeign affairs agencies in effect occupy rent-free housing, and foreign affairs agency personnel, who could otherwise be housed rent-free, are assigned to costly leased properties irrespective of the requirements in 15 FAM 261 (2) that priority should be given to employees of the foreign affairs agencies.

As of Oct 30, 2006, 21 government-owned housing units were assigned to and occupied by nonforeign affairs agency personnel. If all those units had instead been assigned to Department personnel, the potential annual savings to the Department would have been in excess of a million dollars. Had some of those units been assigned to personnel of other foreign affairs agencies, the savings would still have been considerable, although reduced. (The GSO housing office stated that the rental for a city apartment currently averages around \$50,000, and housing at Pokrovsky Hills averages \$102,000 annually). Even allowing for timing of assignments, family size, and availability of housing units, the savings in lease costs can still be large enough to provide some relief to the Department's perennially overburdened leasehold account.

**Recommendation 25:** Embassy Moscow should assign nonforeign affairs agency personnel to government-owned properties only when the housing requirements of the foreign affairs agencies have been met. (Action: Embassy Moscow)

Post practice is to assign government-owned housing to nonforeign affairs agencies if they pay a lease equivalent cost to an OBO Washington account based on the square meter size of the housing unit. The Office of the Legal Adviser ruled that the collection of such an offset was not permissible. OBO reported compliance with a 2002 OIG inspection report recommendation to cease collecting housing offsets from nonforeign affairs agencies, and OBO concurrently agreed to refund the collected amounts. However, the embassy still collects and deposits the offsets to an OBO account.

**Recommendation 26:** Embassy Moscow should cease the practice of collecting offsets from nonforeign affairs agencies for occupying government-owned housing. (Action: Embassy Moscow)

**Recommendation 27:** The Bureau of Overseas Buildings Operations, in coordination with the Office of the Legal Adviser, should ascertain whether the offsets are an augmentation of the Department's appropriation, determine whether the funds need to be returned to the other agencies, and return the funds, if necessary. (Action: OBO, in coordination with L)

The interagency housing board makes all Moscow housing assignments and sets housing policy. It works well together and members take their responsibilities seriously. Housing board meetings are documented and issues are fairly considered and evaluated. The board considers appeals regularly and resolves them reasonably.

The housing officer manages the mission's housing program well. His forward-looking, proactive strategy to deal with the Ministry of Foreign Affairs focuses on identifying suitable units and minimizing cost increases. He has developed a long-range plan to locate attractive housing units near metro stations and close to the embassy. Following protracted negotiations, he achieved a breakthrough in overcoming longstanding Ministry of Foreign Affairs landlord refusal -- ostensibly because local Russian codes do not require it -- to equip some city apartments with fire detection equipment and emergency egress lighting. He has also negotiated and implemented a long-term plan for the landlord to refurbish older, more desirable and centrally located apartments.

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## Financial Management

Financial management operations are well run. On OIG's workplace and quality of life questionnaire, financial management operations scored between 3.89 and 4.07 out of five. The supervisory FMO, who arrived about a month before the inspection, has a firm grasp of the operations and takes his leadership role seriously; he is also well served by the two additional FMOs. The section's 26 FSNs, one EFM, and one PAE contractor provide good support to the embassy. A number of recently promoted FSNs are still adjusting to their supervisory positions. One of the three FMO positions was eliminated appropriately as part of the Secretary's Global Repositioning efforts, and the mission has already planned for the gap by granting a competent senior FSN certification authority.

## Voucher Processing

Although the section's administrative satisfaction scores are relatively high, the OIG team heard numerous complaints about the timeliness of voucher processing, primarily from individuals assigned to the consulates. The FMO monitors the



timeliness of voucher processing, and the section generally meets its standards. Consulate employees, however, have valid concerns. Embassy Moscow's current timeliness standards for travel voucher processing Russia-wide are lenient at 30 days. The supervisory FMO and embassy management officer have assured OIG that they plan to change voucher timeliness standards from 30 days to 20 days, which should improve the timeliness Russia-wide. However, Embassy Moscow's revised timeliness standards do not take into account the additional time vouchers originating in the distant consulates are in transit.

**Recommendation 28:** Embassy Moscow should adjust timeliness standards for all constituent post vouchers to ensure that constituent post vouchers are completed in the same timeframe as Embassy Moscow vouchers. (Action: Embassy Moscow)

## **Fund Management**

In 2002, the OIG team found that for FYs 1998-2001, about \$10 million in program, ICASS, and security allotments were unused and returned to the U.S. Treasury because the mission and Department failed to monitor the accounts adequately. Since 2002, the mission's fund management has improved. While in FYs 1998-2001, the mission forfeited about \$5.3 million diplomatic and consular programs (D&CP) funds to the treasury, in FYs 2002-05 the mission is likely to forfeit only \$2 million D&CP funds to the treasury, representing about 3.2 percent of Embassy Moscow's D&CP budget for those years. Unused ICASS funds from FYs 2002-05, averaging about \$2 million each year, were reallocated back to the embassy and therefore not forfeited to the treasury.

Notwithstanding these accomplishments, the embassy has not reviewed prior year deobligations to identify those obligations that are consistently overestimated and resulted in the \$2 million that Embassy Moscow is likely to forfeit. During the inspection, the financial management office began reviewing deobligations from prior years to determine which obligations were consistently overestimated.

The embassy argued that many of the problems were inherent in the Department's financial system and methods of procuring and shipping items intended for use in a controlled access area. If the embassy is correct, this issue is common to all posts, and should be addressed by the Department. This issue may not be highlighted at other embassies because, with the possible exception of Embassy Beijing, only Moscow performs such a high volume of purchases that generate a scale of millions of dollars, but without an analysis it is difficult to assess where the problems lie.



**Recommendation 29:** Embassy Moscow should review three years worth of prior year deobligations to determine the types of transactions being overestimated, identify the offices or individuals who overestimate obligations, and instruct them on the appropriate lower estimates that should be used. (Action: Embassy Moscow)

**Recommendation 30:** Embassy Moscow should notify the Bureau of Resource Management and the Bureau of Administration for corrective action if the embassy's analysis indicates that the problems are systemic. (Action: Embassy Moscow)

### **International Cooperative Administrative Support Services**

ICASS operations run exceptionally well in Moscow. ICASS customers are satisfied, and the ICASS council operates by consensus as evidenced by the fact that the council did not raise any issue to a vote during the past year. ICASS is well funded, at about \$25 million in FY 2006. The current ICASS council chairman is a USAID representative. A number of agencies in Moscow are affected by the Department's new policy to restrict ICASS council composition to those agencies represented on the ICASS executive board. Consistent with its efforts to satisfy customers, Embassy Moscow holds ICASS business meetings before ICASS council meetings to obtain nonvoting agencies' input on issues at hand.

Notwithstanding these accomplishments, the ICASS council has not realized some opportunities to reduce duplication of services among agencies. ICASS and USAID, for example, maintain unnecessarily redundant administrative platforms. The ICASS 60-vehicle motor pool and USAID's 11-vehicle motor pool are separate despite the fact that all vehicles are parked on the embassy compound. Motor pool consolidation could result in more efficient use of and a reduced number of vehicles, driver hours, and management infrastructures. Had motor pools been consolidated in FY 2006, the Department may not have had to purchase ICASS vehicles totaling \$194,000 in FY 2006. The Department and USAID similarly maintain separate warehouses, and USAID is not part of the Department's furniture pool. The Department maintains a 2,400 square meter warehouse at no cost to the U.S. government, and USAID maintains a 540 square meter warehouse costing \$37,000 every six

months. A large amount of the Department's warehouse holds items for disposal and, by expediting disposals, USAID may be able to move into the Department's warehouse and cancel its lease.

In addition to warehouse and motor pool operations, USAID and ICASS maintain separate procurement, human resources, information technology, and voucher-ing operations. Efficiencies gained by consolidating might allow the U.S. government to reduce staff and might free up sought after space on the compound. Overall, USAID has 30 administrative staff performing motor pool, procurement, information technology, and human resources functions.

In October 2006, the State-USAID joint management council issued State 00166405, instructing missions with colocated Department and USAID facilities to consolidate specific GSO, financial management, human resources, and information technology services by October 2007. The Secretary reiterated such guidance in State 168672. During the inspection, USAID and the Department held their first meeting on consolidation, and both indicated that they planned to meet the State-USAID joint management council's target consolidation date. The OIG team was encouraged by this progress. However, given the lack of progress on consolidation to date and missed opportunities to cancel costly vehicle procurements and USAID's warehouse lease payments, the mission should expedite its consolidation efforts for some administrative services.

**Recommendation 31:** Embassy Moscow should develop and implement a plan with a timeline to consolidate motor pool, warehouse, and inventory management operations of U.S. agencies in Moscow. (Action: Embassy Moscow)

## Information Management

The IM section provides a comprehensive set of services but has struggled to meet customer service expectations recently amid staffing shortages, increasing support requirements including VIP visits, and the ever-present complications of conducting operations in Russia. The section will need additional staffing to meet requirements given the security restrictions that handcuff operations. See the classified annex to this report for more detail on security challenges. One of the primary factors that inhibit the effectiveness of the IM section and compounds other challenges is the prohibition against system administrator privileges for uncleared staff. In other words, functions that would normally be performed by FSN staff elsewhere require a cleared American in Moscow. With the diminished role of FSN

staff in performing system administration duties, it would follow that American staffing would need to be increased. Additionally, the IM section could benefit from standardizing the helpdesk software in use and better meet embassy requirements by upgrading the Intranet site to include expanded use of e-government initiatives. The OIG team made informal recommendations regarding crosstraining of IM staff and authorization for access to army post office privileges.

The IM section provides services including OpenNet Plus and ClassNet networks, dedicated Internet networks, telephone, telecommunications, mail, pouch, and a reproduction service. Army post office service is provided via unclassified pouch to the army post office facility in Helsinki, Finland. The OpenNet Plus network includes 17 servers and approximately 650 workstations. The ClassNet network includes 32 thin-client common-use workstations supporting approximately 250 users. The IM section is responsible for supporting and overseeing IM operations at the three constituent posts, which requires periodic site visits by staff members. Embassy Moscow has an information systems security officer (ISSO) with information security as his primary job responsibility, assisted by alternate ISSOs for the classified and sensitive but unclassified networks. Also resident in Moscow are a regional computer security officer, a technical security and safeguards unit with specialists who certify computer equipment, and a regional information management center (RIMC) branch office with digital and telephone technicians.

### **Customer Service and Staffing**

The IM section's ability to provide prompt, high-quality customer service has suffered recently due mostly to staffing shortages, the high official visit support requirements, and the host of challenges unique to the Moscow operating environment that compound the difficulty of most everyday tasks. Ratings for five categories of IM services ranked near the bottom of all areas of OIG's workplace and quality of life questionnaire. Staff members of the information systems center (ISC) acknowledged that their number of open trouble tickets is hovering at levels as high as they could remember, so much so that the office dedicated a week to successfully closing trouble tickets. The IMO is dedicated to making customer service a priority.

The section was especially short-staffed this summer, as numerous staff members curtailed by as much as four months, leaving the section at roughly 50 percent staffing during this period, from which they are still recovering. The section is still not fully staffed. One U.S. direct-hire employee arrived during the inspection, and another should arrive within a month, but the section still has two EFM positions vacant. Like many sections, because of the need for additional cleared Americans,

Moscow relies heavily on having EFM support. However, the specialized skills necessary to work in the IM section make these positions difficult to fill. The success of such an approach depends entirely on the qualifications in the pool of EFMs.

Support requirements continue to grow. By most measurable factors, Embassy Moscow's network has grown 50 percent over the past four years, without any corresponding increase in staffing. The Department of Energy recently became an ICASS member, increasing the number of users and workstations requiring support, and the IMO is wary of the impact of a potential consolidation with USAID. Additionally, IM expends much of its resources in support of high-level official visits. During OIG's inspection, the IM section had to support visits by President Bush and Secretary Rice, among many others. This is the norm here, not the exception. There are other compounding factors that make daily tasks more difficult in Moscow. For example, the ISC storage room was moved from a room immediately below the ISC offices in the chancery to the fifth floor in the off-compound former chancery. Work, such as deploying new workstations, decertifying old equipment, and staging networks for official visits, now involves significant movement of equipment, outdoors and often over snow, and requiring additional work and personnel to complete.

**Recommendation 32:** Embassy Moscow should request, and the Bureau of Human Resources, the Bureau of European and Eurasian Affairs, and the Bureau of Information Resource Management should create, an additional full-time direct-hire information management specialist position. (Action: Embassy Moscow, in coordination with HR, EUR, and IRM)

### Helpdesk Software

The ISC uses a Microsoft Access database developed at another post and modified locally to track customer service trouble tickets. It works well and provides the basic functionality necessary to assign and track trouble tickets. However, it does not have any advanced reporting functionality at this time to provide the information systems officer (ISO) with information necessary to optimize customer service. The Department's universal trouble ticket system does have such capabilities. In the past, Embassy Moscow attempted to use the universal trouble ticket system but experienced unacceptable slowness. There is now a new software build of that system that may have mitigated this condition. Implementing the Department's tool in the ISC and in the information programs center, which currently uses no tracking mechanism, would improve customer service. If latency proves to be acceptable, such a solution could be extended to the consulates to ensure that the entire mission is using the same tracking technology.

**Recommendation 33:** Embassy Moscow should evaluate the Department's universal trouble ticket software for implementation at the embassy and constituent posts if the system operates with sufficient expediency. (Action: Embassy Moscow)

### **Increasing Intranet Functionality**

Various IM section staff stated that the embassy does not take advantage of information technology as much as they could, including increased use of the Intranet site for work processes, electronic forms, and e-government initiatives. At this writing, the most current update on the Intranet site is over three weeks old. Senior embassy management has echoed such observations, and the IMO has made improving the functionality of the Intranet site a priority. One ISC staff member has been developing a new site with a redesigned layout and navigational scheme and expects to demonstrate it to the IMO soon. More work will be necessary to integrate databases, electronic forms, and other technologies to move toward a paperless workflow. In the future, the IMO hopes that with increased staff levels he will be able to dedicate a full-time position to web development. It is another area where the prohibition of locally employed administrator access hinders operations because experienced LE staff traditionally handle Intranet site development. Maintaining an updated Intranet site will also require increased diligence from each section's content providers.

### **Regional Information Technology Components**

Embassy Moscow hosts several regional units that provide technical support services: technical security and safeguards unit; regional computer security officer; and RIMC. While labeled regional, these units' services are in fact mostly focused on Russia, with more than 80 percent of personnel time devoted to Moscow or support of its constituent posts. These units provide technical support that helps the IM section cope with some of the unique challenges faced in Russia. The regional computer security officer has provided valuable assistance in ensuring the security of information systems at Embassy Moscow and the consulates. The RIMC branch office technicians are vital in keeping Embassy Moscow's unique and complicated telecommunications infrastructure operational. Embassy Moscow has initiated action to have the RIMC technicians' reporting structure go through the IMO rather than RIMC Frankfurt because the technicians' primary functions are centered on Embassy Moscow. Having a supervisory chain in Moscow could also allow for more accurate job performance assessments. 3 FAH-1 H-2813.3-1 states that regional personnel should be rated by the individuals in the field who are most knowledgeable about their actual work performance. The IMO and information programs officer in

Embassy Moscow are the most senior and knowledgeable individuals in IM matters within the mission, where the majority of these regional personnel perform their work. Provided informal arrangements regarding use of these technicians for site visits outside of Russia on the direction of RIMC Frankfurt are honored, the technicians based in Moscow should be rated by the IMO. The technical security and safeguards unit reporting chain has already been changed to go through the IMO, and by several accounts it has worked out well.

**Recommendation 34:** Embassy Moscow, in coordination with the Bureau of Human Resources, the Bureau of European and Eurasian Affairs, and the Bureau of Information Resource Management, should designate the information management officer in Moscow as the rating officer for the information management technical specialists based in Moscow. (Action: Embassy Moscow, in coordination with HR, EUR, and IRM)

~~**SENSITIVE BUT UNCLASSIFIED**~~

~~**SENSITIVE BUT UNCLASSIFIED**~~



## QUALITY OF LIFE

### MEDICAL UNIT

A regional psychiatrist, two regional medical officers, a medical technician, a health practitioner, three non-Russian local hires, and three FSNs staff the medical unit. The senior regional medical officer and health practitioner, both recent hires, form part of an integrated team despite having only recently arrived. They have respect for each other and work well as a team. The medical unit is equipped to handle common health problems, injuries on an outpatient basis, and basic laboratory tests. Major medical and surgical problems are stabilized, then evacuated to the nearest appropriate facility. London is Embassy Moscow's medical evacuation destination, although Helsinki is sometimes used. Several local facilities have been used in an extreme emergency. OIG review confirmed that the unit competently safeguards patient records (see classified annex for further discussion of medical records) and controlled medical supplies, properly keeping stocks on hand in secure rooms and containers. The medical unit and the FMO monitor reimbursements from employees for whom they make medical payments and follow up delinquencies as warranted. The embassy's family advocacy program is working well and both the DCM and RSO know and perform their roles well. Employees ranked the unit highly on their workplace and quality of life questionnaires.

St. Petersburg's medical unit operations have improved in the last three months. The post hired a full-time local nurse who replaced expired medications and reviewed the medical components of the consulate's emergency action plan. Although hiring a nurse has contributed to the completion of a number of lingering deficiencies, the nurse's workload does not support a full-time position. The OIG team informally recommended that the mission augment the nurse's duties with work commensurate with her education and expertise or reduce her hours.

### AVIAN INFLUENZA

The mission developed a proactive, interagency approach in fashioning its response to avian influenza well before the Department mandated it. With the medical

unit and the Foreign Agricultural Service in the lead, and excellent coordination, the mission developed contingency plans with tripwires in response to the Department's request. Post specific preparations include PowerPoint presentations on home first-aid and cough and hand washing strategies, posters and other educational material, and advice on what to do when symptoms appear. The medical unit ordered supplies (masks, gowns, gloves) and a substantial stock of Tamiflu, later supplemented by shipments received from the Department (to cover 60 percent of the embassy's American and FSN population). The plan is to treat immediately those infected at the first sign, not necessarily to treat the healthy population. The medical unit initially advised employees to obtain prescriptions for Tamiflu which could be filled privately, but that stopped when insurance carriers balked at paying for drugs in the absence of any infection. The Russian government is very sensitive to avian influenza because of its own poultry industry. While testing is competent, the Russian government's ability to handle an outbreak is not reliable because of the use of an inferior drug that cannot combat the infection and the inadequacy of local facilities.

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## **SCHOOL**

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(b) (6)(b) (6)(b) (6)(b) (6)(b) (6)(b) (6)(b) (6)(b) (6)(b) (6) The school offers the international baccalaureate certificate or a full diploma, and the elementary school is implementing the international baccalaureate's primary years program. The New England Association of Schools and Colleges, the Council of International Schools, and the International Baccalaureate Organization accredit the school. A nine member governing board includes two embassy representatives and is currently chaired by the DCM. Department allowances compensate U.S. direct-hire employees for tuition costs. Most parents expressed satisfaction with school quality and facilities, but some felt the middle school could be more academically rigorous.

In the fall of 2000, the school moved into new state-of-the-art premises. September 2006 school enrollment was 1,257 students, of whom 432 were U.S. citizens. Facilities include computer and science laboratories, art and music rooms, two theaters, a library, three large gymnasiums, playing fields, tennis courts, an aerobics/dance studio, exercise rooms, and an asphalt play space that doubles as an ice rink in the winter. Stage II of the new school construction -- a multipurpose auditorium/theater for 550 people and a swimming pool -- is well under way.

## **COMMUNITY LIAISON OFFICE**

A community liaison office (CLO) coordinator and two CLO assistants staff the CLO office. Responses to OIG's administrative services satisfaction questionnaires revealed a relatively high level of satisfaction with the CLO programs and services. The CLO coordinator organizes a variety of programs to take advantage of the wealth of cultural opportunities locally, and those programs are well supported by the mission community. To counter the perception that the NEC families receive a disproportionate level of services, the CLO has tried to shift programming closer to other residential areas, but increased transportation costs for vehicles and buses have hampered those efforts. The lack of Russian language skills inhibits social interaction by many new arrivals and by some other community members, many of whom rarely venture out of the NEC. Sponsorship programs are working well.

## **AMERICAN EMPLOYEE COMMUNITY ASSOCIATION**

Moscow's American Employee Community Association (AECA) is the second largest in the world with gross revenues totaling about \$3.5 million per year. The association runs a commissary, cafeteria, swimming pool, fitness center, racquetball courts, daycare center, salon, gift shop, video club, dry cleaning facility, recreational property rentals, and provides transportation services, auto repair referrals and other personal services. Office of Commissary and Recreation affairs employees traveled to embassy Moscow in June 2005 and May 2006 to review AECA operations and made a number of recommendations, and AECA has complied with most of them. The association has operated at a loss over the last few years including a loss of \$97,307 in 2005. Reportedly, the largest losses resulted from cafeteria and commissary operations. The association recently contracted out its cafeteria, and the commissary manager was recently terminated. The association, however, is still predicting a loss for 2006.<sup>8</sup> AECA pays no rent to the U.S. government for the large amount of space that it takes up on the embassy compound, and the U.S. government funds much of the association's capital equipment. The OIG team made an informal recommendation that the association board revisit its plan for reducing losses.

A significant number of mission employees complained about high commissary prices. Although this is a common complaint across inspections, the inspectors found that some commissary prices did not appear rational. For example, a bottle of

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<sup>8</sup> \$80,000 of the projected CY 2006 loss was a one-time write off of severance pay following a decision by the board to sever all foreign national employees without Russian work permits.

shampoo that costs \$3.33 in Washington, DC, costs \$8.45 in the commissary, and a bottle of hard liquor that costs \$150.00 in Washington, DC, costs \$69.00 in the commissary. Although commissary management publishes its pricing policy, OIG was not able to reconstruct pricing for some items. The OIG team made an informal recommendation that the mission review the cost center that reports regular losses to determine where those losses can be reduced.

Mission employees also complained about the high association membership fees and were concerned that they were subsidizing services that they do not use. Association board members are voted in every year, and they have authority to set association pricing structures. OIG made an informal recommendation on this.

## **EQUAL EMPLOYMENT OPPORTUNITY/FEDERAL WOMEN'S PROGRAM**

The Equal Employment Opportunity coordinator, who completed the required training program in June 2006, stated that no formal Equal Employment Opportunity complaints had been registered in the course of the past year. Two employees did seek Equal Employment Opportunity counseling during the same period. U.S. employees rated Equal Employment Opportunity workplace sensitivities high on their workplace and quality of life questionnaires. During the inspection, the coordinator began work on devising a program to provide an Equal Employment Opportunity-type resource for LE staff as required by 97 State 53229. The OIG team suggested contacting neighboring U.S. missions for information on creating such a program. A newly appointed Federal Women's Program coordinator stated that no one had requested her assistance with women's issues. Both coordinators publicized Department materials and guidance missionwide in the course of the inspection.

## CONSULATES GENERAL

### OVERVIEW

In working with constituent posts, Embassy Moscow has a very challenging task. There is no typical consulate general; each consular district has its own significant economic and political importance. Geography is a major factor. Russia is a huge country, and the regions covered by the constituent posts are commensurately large and have diverse interests. The city of Vladivostok is seven time zones and over nine hours flying time from the capital. It clearly perceives its interests tied to the economies of the Pacific Ocean basin, not to European Russia. Yekaterinburg is two and one half hours by air, and its consular district has a booming economy based on energy and ferroalloys. St. Petersburg is Russia's second largest city. Its influence has ebbed and flowed since its founding in 1703 as Russia's "window on Europe," but today it is the largest seaport and the home town of President Vladimir Putin and of many other influential administration figures.

Each consulate general requires a different level of support and guidance from the embassy. Two of the consulates general are small, but both are responsible for geographic areas of large and growing U.S. interest. Both operate effectively for similar reasons: solid, well-trained staff operating in a small, manageable environment. Consulate General St. Petersburg is significantly larger than the other two constituent posts. It has had problems managing its affairs due largely to its poor facilities and the uncertainty regarding its operational status. (See the classified annex to this report). Also, the large number of official visitors to St. Petersburg is a major factor affecting post's operations.

In general, the embassy does a commendable job coordinating policy, public diplomacy, and reporting activities at each post; the embassy has provided generous, albeit less effective, support in management areas. Even though overall fiscal responsibility rests in the embassy, each post receives funding targets that empower them to operate quasi-independently.

## **ST. PETERSBURG**

St. Petersburg is an important economic hub as well as the cultural capital of Russia. Because of its proximity to Western Europe and its renowned historical and cultural sites, St. Petersburg also attracts significant numbers of American visitors, official as well as tourists. The consulate general plays an important role in several of Mission Russia's strategic goals.

Department and US&FCS assets devote considerable attention to the local business community and the many U.S. business visitors seeking investment and export opportunities in the region. The consulate general was in the forefront in establishing and nurturing American Corners, designed to take the U.S. public diplomacy message out to the communities and facilitate ongoing interaction with the local populace. Its American Corners are acknowledged to be among the most effective in the world. The consular section provides citizenship services and assistance in health emergencies as well as visa services to the vibrant business and cultural communities.

The consulate general is authorized 19 U.S. direct-hire positions, eight EFMs, four PAE contractors, and 109 FSNs. Consulate operations are spread among three short-term leased buildings, but the primary consulate building is particularly problematic and a sore point since Soviet times.

One of Mission Russia's strategic goals focuses on retooling embassy and consulate staff and infrastructure. Consulate General St. Petersburg faces significant obstacles in meeting this objective because of its antiquated and inadequate facilities, the security atmosphere, and post's traditional difficulties in attracting at-grade Foreign Service candidates - during much of the consul general's tenure, she has been without staffing in the management and security offices. The consular section also suffered staffing gaps during the previous fiscal year. The post hosted over 1,650 official visitors, including those attending the G-8 Summit, during the past year despite these staffing and infrastructure shortcomings.

When all its positions are filled, the consulate general, without counting its Marine security guard detachment and its direct-hire local guards, appears to have sufficient U.S. and LE staff. On close scrutiny, however, the mix of skills and experience is inappropriate for a post that manages a very high official visitor workload and has a vast consular district requiring a robust travel and reporting plan. (See the rightsizing section of this report.)

Consulate General St. Petersburg does not have the same resources as Embassy Moscow to handle the heavy flow of official visitors, many of whom visit on week-

ends. The consulate general has a sole travel coordinator position. The sole political/economic position, in addition to being the primary reporting officer, coordinates the majority of the high level visits. In addition, the management officer, the GSO, the deputy principal officer, and consular officers get involved on an ad hoc basis in preparations for visits and as control officers. This is not the most efficient way to use resources. In addition, Consulate General St. Petersburg has no formal visitor management protocol established. At the time of the inspection, the GSO was developing an administrative checklist for official visits. OIG made an informal recommendation to establish an official visitor's standard operating procedure, laying out roles and responsibilities during official visits.

## **Management Issues**

Consulate General St. Petersburg is not well served by its administrative platform and, as was discussed earlier in the rightsizing section, is in need of adjustment. In an OIG survey, consulate general employees rated the adequacy of several administrative services well below OIG's worldwide averages and significantly below Embassy Moscow's scores for the same services. The biggest impediments to administrative excellence are the lack of adequate staffing, uneven communication and unfocused support from Embassy Moscow, an unsuitable building, and indecision related to the use of the building (see the security annex to this report).

Some officers assigned to Consulate General St. Petersburg were not appropriately trained and did not have the experience required to supervise their sections adequately. For example, the second-tour management officer, formerly a GSO in Moscow, supervises the consulate's human resources and financial management operations. The management officer has never worked as either an FMO or a human resources officer and has not had formal training in either discipline. The Department's inability to fill St. Petersburg positions with qualified officers has plagued the consulate for years. Until April 2006, the consulate had been without a permanent management officer for two years. St. Petersburg's second management position, the GSO, was vacant for 10 of the previous 24 months. To cover these gaps, Embassy Moscow reassigned its own officers temporarily, and the Department permanently transferred an officer from the embassy to the consulate. However, as in the case of the management officer, the Department and, to some extent, Embassy Moscow, left officers to fend for themselves without adequate training. Neither Department nor Embassy Moscow's management, financial management, or human resources officers have formally mentored or trained the St. Petersburg management officer to supervise the functions in which she had no previous experience.



The management officer has worked hard to address consulate general employees' administrative concerns when those concerns are brought to her attention, but her lack of expertise leads to a fire fighting approach to managing the consulate's administrative operations and hampers her efforts to address customer concerns. For example, numerous employees complained about the tardiness of voucher processing. Although the management officer does follow up on individual cases, she does not regularly review the status of all the consulate's vouchers to identify those that have not been paid in a timely manner. In other words, there are no systematic management tools to oversee the range of management operations. Admittedly, since taking over as the management officer in May 2006, she has had to support the G-8 Summit and then deal with the increased workload associated with the end of the fiscal year. However, a more systematic and prioritized approach to managing her various functions would allow her to address employee complaints in a broader context. At the time of the inspection, the officer was approaching the end of her tour. Sending her to the Foreign Service Institute's formal financial management and human resources courses would be impractical.

**Recommendation 35:** Embassy Moscow should provide the St. Petersburg's management officer more oversight as well as the mentoring training needed to oversee the consulate's financial management and human resources operations. (Action: Embassy Moscow)

## **General Services**

St. Petersburg's GSO section has some deficiencies in property management, procurement, and motor pool operations. The section has suffered staffing gaps in the past two years.

### **Real Property**

As stated in the 2002 OIG inspection report, the consulate building continues to be a major concern. It is a five-story, short-term lease facility that houses most of the consulate's operations, two TDY apartments, and Marine security guard quarters. PAS and US&FCS are located in two other commercial buildings. Because of its location and age, the consulate general building does not meet the Department's security or U.S. fire and safety standards. In FY 2006, the consulate general building lease was extended until 2011, with three one-year renewal options. A new consulate building is planned for FY 2010, and, at the time of the inspection, negotiations with local officials were underway for a new consulate building site. See the classified annex for recommendations related to this new consulate building.

## **Property Management**

In general, there is poor recordkeeping. The value for both nonexpendable and expendable inventories was almost \$1.6 million, but the post's FY 2005 inventory records may not be accurate. Although the reported figures for shortage and overages were within acceptable standards, there is no assurance that those figures were correct. The missing property includes some information technology items that were not added to the FY 2005 property disposal authorization and survey report. A review of the residential files showed that household inventories are also not accurate. Occupants' have not returned their certifications of household inventories to the GSO section. In addition, five employees traded furniture without informing GSO. Returned furniture items from occupants have not been reconciled in the nonexpendable property application system. At the time of the inspection, the GSO was addressing these issues. The OIG team made an informal recommendation concerning household inventories. Nonetheless, a complete inventory is necessary to establish accurate baseline figures.

**Recommendation 36:** Embassy Moscow should establish and implement inventory procedures for all Consulate General St. Petersburg's expendable and nonexpendable property. (Action: Embassy Moscow)

## **Facilities Maintenance**

As stated earlier, the consulate building has many maintenance and repair problems, including the need to replace fire escapes, fix water pipes, install an air ventilation system, and a complete electrical upgrade.

The consulate's safety, health, and environmental management (SHEM) program needs to be more active and enforce safety directives. The SHEM committee has met several times this year; however, the inspectors observed numerous SHEM deficiencies, including maintenance workers not using proper safety equipment, fire alarms not located in common areas in the residences, the warehouse not having smoke alarms, and fire extinguishers not checked routinely. Some of these same observations were included in the SHEM and fire reports done in 2005 and 2006 respectively, but corrective actions for these issues have not been implemented. The OIG team made an informal recommendation that the consulate implement the recommendations made in the SHEM and fire reports.

## **Housing Program**

Most of the consulate general's personnel are satisfied with their housing. For the purposes of the housing program at the consulate a "true interagency housing board" is not needed (15 FAM 212.2-2(A)). Even though the consulate does not have a large housing pool, the consulate would benefit by having a housing committee composed of the GSO, management officer, and one or two other U.S. direct-hire personnel to assign housing and address appeals.

## **Financial Management Operations**

St. Petersburg's financial management operations received mixed reviews. While the consulate staff were satisfied with both the cashier and the financial specialist's support, uncertainty and sometimes inaccurate information on the level of funding available and the status of voucher payments have left most consulate staff with a low opinion of those operations.

Problems with funding and voucher payments stem both from a lack of regular communication between the St. Petersburg management officer and Moscow (discussed earlier) but also from lack of clarity between the embassy and the consulate about who has responsibility for monitoring the status of funds and voucher payments for all allotments. Most consulate staff, including the management officer, rely on the consulate's financial specialist to provide guidance on the level of funding available and the status of voucher payments. However, the financial specialist reports that she is no longer responsible for overseeing funds availability and further that she is no longer responsible for the status of PAS, US&FCS, and nonrecurring Bureau of Diplomatic Security payments. Over the last two years, the embassy absorbed St. Petersburg's certifying and data entry responsibilities and eliminated two of St. Petersburg's financial management FSN positions. Since the reorganizations, it is still unclear whether St. Petersburg or Moscow has responsibility for monitoring funds availability and ensuring that voucher payments are timely.

**Recommendation 37:** Embassy Moscow should clarify whether the consulate general or the embassy has responsibility for monitoring the status of funds and status of voucher payments for all of Consulate General St. Petersburg operations. (Action: Embassy Moscow)

**Recommendation 38:** Embassy Moscow should instruct Consulate General St. Petersburg to establish a monthly schedule for reviewing status of obligation reports generated either internally or by Embassy Moscow. (Action: Embassy Moscow)

## **Information Management**

ISC operations are managed ably under unique circumstances that present obstacles to daily operations (see the classified annex to this report.) Improvements are being made in network infrastructure, but challenges remain in systems inventory. Staffing includes an information programs officer and an information management specialist, one part-time EFM mailroom supervisor, and three FSNs. ISC provides services including mail, pouch, telephone, radio, dedicated Internet service, and an OpenNet Plus network of approximately 65 users. There is no ClassNet connectivity at this post. The post routinely hosts a high number of official visitors requiring information technology support, including the G-8 Summit earlier this year, all of which heavily taxes information technology resources.

The ISC has been proactive in identifying areas for improvement in their services and physical infrastructure, as well as network security, which is addressed in the classified annex. The ISC is planning to install a Gigabit network backbone and rationalize the organization of their switches and switch closets, which will amount to a full renovation of their cable plant and fiber backbone. They are also trying to reduce the number of stand-alone systems and workstations. They plan to begin hosting their own Intranet site in the near future.

A management challenge facing the ISC is reconciling their current inventory of information technology equipment, which is a mix of items, mostly purchased by the post outside of the Global Information Technology Modernization (GITM) program. The consulate has not received GITM refreshes in some time, though the GITM program shows they were received. A possible explanation brought up during discussions with the consulate and Embassy Moscow IM personnel is that equipment has been mislabeled when shipped to the technical security and safeguards unit for certification, subsequently ending up in Moscow's inventory. Additionally, St. Petersburg's e-score inventory has not been kept accurate, so GITM refreshes would not reflect current needs. Finally, the equipment on hand is not being deployed according to any lifecycle schedule, resulting in new equipment sitting on shelves while older machines remain in use.

**Recommendation 39:** Embassy Moscow should reconcile the inventory of information technology equipment at Consulate General St. Petersburg and update the inventory in the e-score database. (Action: Embassy Moscow)

## **YEKATERINBURG**

Yekaterinburg lies just on the Asia side of the Ural Mountains and is currently enjoying an economic boom due to the world market for energy and ferroalloys. The region's importance is underscored by the growing number of foreign consulates located there and in the increased frequency of direct flights to Western Europe. The consulate general has seven U.S. direct-hire positions and 54 LE staff; the consular district is as large as the United States east of the Mississippi. The staff was fulfilling its duties in a manner consistent with the embassy's and the Department's expectations for a small post in a remote area. The consulate general office building is part of a large complex that includes the consulates of the United Kingdom and the Czech Republic, the Hungarian Trade Office, and a hotel. The building issues are addressed in the classified annex of this report.

The district includes three weapons of mass destruction facilities of particular U.S. interest: the Votkinsk rocket building factory with a U.S. on-site monitoring presence; the Ozersk-Mayak nuclear bomb building and fissile materials storage facility where the Department of Energy is assisting in fissile materials secure storage; and a billion dollar joint U.S.-Russian facility at Shchuchye to eliminate chemical weapons. The consulate general supports a constant flow of technical and oversight visits to these sites, though the most onerous part of this burden -- resolving Russian government restrictions on these visits -- falls on Embassy Moscow.

Yekaterinburg provides a steady flow of reporting on Central Russia. Reports reflect a vigorous travel schedule, including repeat visits to some areas to obtain a sense of change over time. Reporting is particularly strong on local elections, political parties, and a number of Russia's Muslim minority regions. Yekaterinburg's reporting fills an important gap in the mission's ability to follow trends outside the capital city. In the absence of an US&FCS representative, the consul general and the political/economic officer are responsible for commercial advocacy. The consul general takes this duty seriously and includes promotion of exports and facilitation of investment in all his activities.

Yekaterinburg includes a public diplomacy element in all its travel, representation, and other work. An entry-level PAO works closely with experienced local staff and has improved coordination with PAS in Moscow through more regular communication. Ties to the region's universities are particularly close. The consul general uses his fluent Russian to make frequent appearances in local media.

The consulate general is in excellent hands with a qualified management officer who also acts as the post security officer. Even though the officer promptly corrected some items while the OIG team was on site, the team made additional informal recommendations and suggestions to ensure proper embassy oversight. The most crucial management issue at post is housing for the principal officer. The current apartment is barely adequate and is a key obstacle to improving the security of the office (see the classified annex of this report). The city is interspersed with facilities of Russian national security concern. For that reason, locating suitable quarters that are in an area open to foreign residents is problematic. After disapproving six requests the previous year, the Foreign Ministry finally approved a suitable, affordable apartment in August 2005. With OBO's active participation, it took until September 2006 to settle all lease issues to the satisfaction of all sides. During the on-site phase of the OIG inspection, OBO refused to approve the unit because it did not meet U.S. fire safety standards.

It is inexplicable why OBO focused on the fire safety issue at so late a date and after considerable resources had been expended. The OIG team found that the requirements set by OBO could not be met in Yekaterinburg, or for that matter, in any Russian city. Building fire codes in Russia are different from those in the United States, and most residential buildings occupied by embassy personnel in Moscow do not meet those standards. Adding safety features would require months, if not years, of zoning and code reviews that no landlord is likely to undertake. Moreover, OBO has neither considered that the primary problem in Yekaterinburg is the restrictive attitude of Russian authorities, nor the fact that after a year of negotiations considerable ill feeling may have already been generated with any other prospective landlords. After six previous failures and almost one year with this one property, it is highly unlikely OBO will find an alternative quickly, leaving the present consul general in an inappropriate residence.

**Recommendation 40:** (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)  
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Consulate General Yekaterinburg's ISC with one ISO and three LE staff provides information management services supporting 40. The ISO manages all IM services and is responsible for all network administration because LE staff are not permitted administrator privileges. The officer is also responsible for ISSO duties, although prior to his arrival the management officer was performing the ISSO function for approximately 10 months. There was a one-month gap in the ISO position prior to the current officer's arrival, which, coupled with the lack of an IM professional handling ISSO functions, led to deficiencies in the network configuration that required remedial attention. Consulate General Yekaterinburg has been approved for an additional information management specialist position, which should ameliorate the workload issues. When the position is filled, the consulate can consider downsizing the FSN staff attached to the ISC, because they have no network administration responsibilities.

## **VLADIVOSTOK**

Consulate General Vladivostok is located seven time zones from Moscow, and its consular district views the world not towards Moscow, but west to the Pacific basin. The consulate general, with seven U.S. direct hire employees and 67 LE staff, is exceptionally well managed with strong leadership. Security issues are addressed in the classified annex to this report. The OIG team found only minor gaps in management that were addressed with informal recommendations.

The consular district is large; simply getting around the area is a major challenge with inadequate infrastructure, antiquated air service, and severe weather conditions. The Russian, Chinese, and North Korean borders meet about a three-hour drive from the city. The city is the headquarters of the Russian Pacific Fleet, and the region is of growing importance to the United States because of petroleum and gas fields on Sakhalin Island as well as mineral resources throughout the consular district. The city itself has not benefited economically from increased oil and gas revenues because the bulk of the energy profits goes to Moscow, and its fortune has been too closely tied to that of the Russian Pacific fleet. Only recently has there been success in developing the commercial value of the ports in the region.

Vladivostok produces valuable reporting on political and economic developments throughout the Russian Far East. Reporting is particularly strong on growing environmental issues and the \$12 billion U.S. investment in new energy reserves on Sakhalin. The consul general has carried much of the reporting load on economic, political, and commercial issues. The Department of Commerce declined to fill the



lone US&FCS officer position after the last commercial officer departed in 2004. Contributions by the consulate's political/economic officer were limited by his lack of Russian language fluency.

As recommended in the 2002 OIG inspection, Vladivostok has stopped distributing its reports by e-mail to addressees outside the U.S. government and is now reporting largely through front channel cables. Despite the lack of classified communications, the consulate has managed to report on sensitive issues such as trafficking in persons and corruption by omitting sources. One political and one economic FSN prepare a substantial number of first drafts. Creative, in-house training reduced frustrations with the editing of these drafts significantly.

Quick access to information is handicapped by a lack of extensive files. An effort to rely entirely on electronic filing failed when the new files were lost during a computer upgrade after the old files had already been destroyed. Attempts to rebuild them have been hampered by confusion over what unclassified reporting can be handled by FSNs.

**Recommendation 41:** Embassy Moscow should rebuild political and economic subject files at Consulate General Vladivostok and provide clear guidance to all constituent posts on what files can be managed by locally employed staff. (Action: Embassy Moscow)

Vladivostok carries out an active public diplomacy program. It has reduced the cost of bringing cultural groups and speakers to this isolated region by making greater use of groups already visiting Asia, an improvement that required establishing new links to the Bureau of East Asian and Pacific Affairs. It needs to develop better and more user-friendly ways to keep track of alumni sent on visitor exchanges, perhaps by replicating the successful contact management system that it uses to keep track of media. Anecdotal evidence suggests that U.S. cultural and educational programs have a strong impact on audiences in this isolated university center.

Consulate General Vladivostok has a single ISO who is responsible for managing all information management services, including pouch, mail, telephone, telecommunications, radio, a dedicated Internet network, and an OpenNet Plus network with 42 users. There is no ClassNet connectivity at this post. In a difficult operating environment fraught with obstacles to effective communications capabilities and far from Embassy Moscow, this officer has been effective in maintaining operations. In addition to information management duties, the ISO has had the concurrent role of ISSO and has filled other positions as necessary such as deputy post security officer.

Because FSNs are not permitted to have administrator rights on the network, the full network administration workload has fallen to the ISO. This has been problematic when the ISO has been on leave, as TDY employees sent to fill gaps have not remained for the duration of the absences. RIMC Moscow does not have radio technicians, and getting RIMC assistance from radio technicians coming from outside Russia has been problematic due to visa issues. However, Vladivostok has been authorized an additional information management specialist position for the summer rotation. Filling this position would serve to alleviate much of the strains associated with a one-person operation and would allow more time for completing projects to improve infrastructure as well as breadth and efficiency of IM services.

The network infrastructure includes some disorganized wiring, mostly on the sixth floor, and several of the wiring closets that house switches on each floor are not well organized. The network contains bottlenecks to optimal performance and could benefit from a backbone upgrade. The consulate also lacks adequate documentation of their physical network topology.

**Recommendation 42:** Embassy Moscow should request, and the Bureau of Information Resource Management should provide, a cable remediation team to improve cabling, optimize network bandwidth, and develop wiring diagrams of Consulate General Vladivostok. (Action: Embassy Moscow, in coordination with IRM)



**Recommendation 43:** Embassy Moscow should establish a system to monitor sales of duty free alcohol to prevent unauthorized resale. (Action: Embassy Moscow)

## **CONSULAR MANAGEMENT CONTROLS**

Accountable consular officers (ACO) and their alternates in all four consular sections generally followed CA's guidance regulating controlled equipment, consular computer systems, and controlled consular items. During the inspection, ACOs updated equipment inventories by destroying outmoded or worn items and transferring accountability for excess material at the inspection team's request. Consular files and records at most posts contain outdated items. The OIG team advised all sections to develop and implement a disposal plan for such materials, and to witness and document the disposal according to 600 Consular Management Handbook Exhibit 6-12.

ACOs oversee consular fee collections. In Moscow, the ACO corrected a fee receipt processing deficiency during the inspection. As at the other posts, consular cash and receipt handling methodology now meets CA's requirements. The ACOs and consular subcashiers and their alternates correctly perform their duties. ACO and subcashier designations are in order and cash advances properly secured. Review of randomly selected consular accounts revealed no bookkeeping errors.

## **FINANCIAL AND PROPERTY MANAGEMENT CONTROLS IN ST. PETERSBURG**

Using data provided by Consulate General St. Petersburg itself, the Bureau of Resource Management's risk assessment software scored the adequacy of the consulate's management controls high, including scores of 100 percent for financial operations, GSO, motor pool, and contracting operations. The inspection team found that the consulate general was generous in scoring itself and, in reality, there exist management controls weaknesses in procurement, property management, and cashiering sections as described below. The lack of permanent, trained supervisors has contributed significantly to the poor management controls due to the uneven supervision of the local staff and status of operations.

Although the management officer has been conducting cash counts for the last five months, she was not trained to do so by an FMO. As indicated earlier, the management officer does not have experience or training in financial management operations. The OIG team made informal recommendations that Embassy Moscow conduct a cash reconciliation in Consulate General St. Petersburg and, pending more formal training, train the management officer how to conduct cashier reconciliations.

The property management program needs greater attention. First, employees are performing receiving duties in virtually every section. These receiving officers do not always communicate with the GSO about the location of items once they are received. Moreover, LE staff in the property section perform both receiving and inventory duties, a practice not in accordance with Department regulations. Finally, there is no central receiving area at the consulate or warehouse. Depending on the method of delivery, items are received in different areas within the consulate. The property section had not been closely supervised, and the weaknesses described above affect the overall management controls program.

**Recommendation 44:** Embassy Moscow should assign receiving duties to appropriate personnel, maintain separation of duties among the property management staff, and establish a central receiving area in Consulate General St. Petersburg. (Action: Embassy Moscow)

The inspection made a considerable number of informal recommendations (89) for the embassy and the constituent posts. Informal recommendations do not require a formal response to the OIG to measure compliance. Many of these recommendations are important enough to warrant follow up and ensure compliance by the embassy. The inspection considers the list of informal recommendations a useful tool to improve mission operations and controls.

**Recommendation 45:** Embassy Moscow should designate a staff member to track and measure compliance with the informal recommendations made during the inspection. (Action: Embassy Moscow)

~~**SENSITIVE BUT UNCLASSIFIED**~~

~~**SENSITIVE BUT UNCLASSIFIED**~~

## FORMAL RECOMMENDATIONS

- Recommendation 1:** Embassy Moscow should require a National Security Decision Directive-38 submission for any temporary duty position that has been filled continuously for more than one year. (Action: Embassy Moscow)
- Recommendation 2:** Embassy Moscow, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Consular Affairs, should conduct a staffing review of Consulate General St. Petersburg to evaluate the mix of reporting, outreach, consular, and management skills required by the visitor workload and the preparations for an eventual move to more appropriate facilities. (Action: Embassy Moscow, in coordination with EUR and CA)
- Recommendation 3:** Embassy Moscow, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Human Resources, should eliminate the separate deputy counselor position (10305002) in the political section. (Action: Embassy Moscow, in coordination with EUR and HR)
- Recommendation 4:** Embassy Moscow should reassign responsibility for supporting the Transportation Security Agency to the Department of Homeland Security. (Action: Embassy Moscow)
- Recommendation 5:** Embassy Moscow should propose, and the Bureau of International Security and Nonproliferation Policy should approve, changes in the oversight of U.S. contributions to the International Science and Technology Center making Embassy Moscow more responsible for their effective use. (Action: Embassy Moscow, in coordination with ISN)
- Recommendation 6:** The Bureau of International Narcotics and Law Enforcement Affairs, in coordination with Embassy Moscow and the Office to Monitor and Combat Trafficking in Persons, should complete the phasing out of assistance to the MiraMed Foundation ordered by the Deputy Secretary. (Action: INL, in coordination with Embassy Moscow and G/TIP)
- Recommendation 7:** Embassy Moscow should revise all public affairs section position descriptions to indicate current chain of command and workload and reclassify the locally employed staff positions as necessary. (Action: Embassy Moscow)



**Recommendation 8:** The Bureau of Consular Affairs should reposition the deputy consul general position from Moscow to a consular section with fewer management resources. (Action: CA)

**Recommendation 9:** Embassy Moscow should redistribute the work requirements currently assigned to the deputy consul general among the consul general, one or more unit chiefs, the consular office management specialist, and a rotational staff aide. (Action: Embassy Moscow)

**Recommendation 10:** The Bureau of Consular Affairs should reposition two of the entry-level immigrant visa officer positions, when the incumbents complete their tours, to another mission's consular section with a higher priority need. (Action: CA)

**Recommendation 11:** Embassy Moscow should verify that Consulate General Yekaterinburg complies with all required visa refusal and issuance review policies. (Action: Embassy Moscow)

**Recommendation 12:** Embassy Moscow should submit its guidelines for processing Visa Mantis cases for U.S. government-sponsored travel to the Bureau of Consular Affairs for an interagency review. (Action: Embassy Moscow)

**Recommendation 13:** Embassy Moscow should verify that Consulate General Yekaterinburg complies with mandated visa referral system policies. (Action: Embassy Moscow)

**Recommendation 14:** Embassy Moscow, in coordination with the Bureau of Consular Affairs, should reach an agreement with the Department of Homeland Security, U.S. Citizenship and Immigration Service, regarding authority for I-600 adjudication. (Action: Embassy Moscow, in coordination with CA)

**Recommendation 15:** Embassy Moscow should authorize the current assistant regional security officer-investigator to task and supervise the current locally employed incumbent of position C31218 to carry out the consular section's fraud prevention goals. (Action: Embassy Moscow)

**Recommendation 16:** Embassy Moscow should identify, in consultation with each constituent post, specific areas where assistance by the embassy would be appropriate. (Action: Embassy Moscow)

**Recommendation 17:** Embassy Moscow, when sending staff to the constituent posts, should create a work plan outlining expected accomplishments and a reporting mechanism to measure achievements or follow-up actions. (Action: Embassy Moscow)

**Recommendation 18:** The Bureau of European and Eurasian Affairs, in coordination with Embassy Moscow, should review the need for contract positions in the constituent posts. (Action: EUR, in coordination with Embassy Moscow)

**Recommendation 19:** Embassy Moscow should transfer inventory responsibility for facilities expendables to the property management unit and perform a complete inventory and reconciliation of facilities expendables prior the submission of the embassy's property management report to the Department. (Action: Embassy Moscow)

**Recommendation 20:** Embassy Moscow should establish countrywide milestones to dispose of excess property and use all methods of disposal in accordance with Department regulations. (Action: Embassy Moscow)

**Recommendation 21:** Embassy Moscow, in coordination with the Bureau of Administration, should reconcile the country vehicle fleet inventory, fully documenting and justifying discrepancies and changes, and establish a valid inventory. (Action: Embassy Moscow, in coordination with A)

**Recommendation 22:** Embassy Moscow should stop assigning exclusive use of official vehicles for public affair sections' deliveries and identify alternate ways to meet those sections' transportation needs. (Action: Embassy Moscow)

**Recommendation 23:** Embassy Moscow should establish in writing and implement required procedures and controls for purchase orders to comply with Department regulations. (Action: Embassy Moscow)

**Recommendation 24:** Embassy Moscow should establish a system for the management of blanket purchase agreements that meets Department regulations. (Action: Embassy Moscow)

**Recommendation 25:** Embassy Moscow should assign nonforeign affairs agency personnel to government-owned properties only when the housing requirements of the foreign affairs agencies have been met. (Action: Embassy Moscow)

**Recommendation 26:** Embassy Moscow should cease the practice of collecting off-sets from nonforeign affairs agencies for occupying government-owned housing. (Action: Embassy Moscow)

**Recommendation 27:** The Bureau of Overseas Buildings Operations, in coordination with the Office of the Legal Adviser, should ascertain whether the offsets are an augmentation of the Department's appropriation, determine whether the funds need to be returned to the other agencies, and return the funds, if necessary. (Action: OBO, in coordination with L)

**Recommendation 28:** Embassy Moscow should adjust timeliness standards for all constituent post vouchers to ensure that constituent post vouchers are completed in the same timeframe as Embassy Moscow vouchers. (Action: Embassy Moscow)

**Recommendation 29:** Embassy Moscow should review three years worth of prior year deobligations to determine the types of transactions being overestimated, identify the offices or individuals who overestimate obligations, and instruct them on the appropriate lower estimates that should be used. (Action: Embassy Moscow)

**Recommendation 30:** Embassy Moscow should notify the Bureau of Resource Management and the Bureau of Administration for corrective action if the embassy's analysis indicates that the problems are systemic. (Action: Embassy Moscow)

**Recommendation 31:** Embassy Moscow should develop and implement a plan with a timeline to consolidate motor pool, warehouse, and inventory management operations of U.S. agencies in Moscow. (Action: Embassy Moscow)

**Recommendation 32:** Embassy Moscow should request, and the Bureau of Human Resources, the Bureau of European and Eurasian Affairs, and the Bureau of Information Resource Management should create, an additional full-time direct-hire information management specialist position. (Action: Embassy Moscow, in coordination with HR, EUR, and IRM)

**Recommendation 33:** Embassy Moscow should evaluate the Department's universal trouble ticket software for implementation at the embassy and constituent posts if the system operates with sufficient expediency. (Action: Embassy Moscow)

**Recommendation 34:** Embassy Moscow, in coordination with the Bureau of Human Resources, the Bureau of European and Eurasian Affairs, and the Bureau of Information Resource Management, should designate the information management officer in Moscow as the rating officer for the information management technical specialists based in Moscow. (Action: Embassy Moscow, in coordination with HR, EUR, and IRM)

**Recommendation 35:** Embassy Moscow should provide the St. Petersburg’s management officer more oversight as well as the mentoring training needed to oversee the consulate’s financial management and human resources operations. (Action: Embassy Moscow)

**Recommendation 36:** Embassy Moscow should establish and implement inventory procedures for all Consulate General St. Petersburg's expendable and nonexpendable property. (Action: Embassy Moscow)

**Recommendation 37:** Embassy Moscow should clarify whether the consulate general or the embassy has responsibility for monitoring the status of funds and status of voucher payments for all of Consulate General St. Petersburg operations. (Action: Embassy Moscow)

**Recommendation 38:** Embassy Moscow should instruct Consulate General St. Petersburg to establish a monthly schedule for reviewing status of obligation reports generated either internally or by Embassy Moscow. (Action: Embassy Moscow)

**Recommendation 39:** Embassy Moscow should reconcile the inventory of information technology equipment at Consulate General St. Petersburg and update the inventory in the e-score database. (Action: Embassy Moscow)

**Recommendation 40:** (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)  
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**Recommendation 41:** Embassy Moscow should rebuild political and economic subject files at Consulate General Vladivostok and provide clear guidance to all constituent posts on what files can be managed by locally employed staff. (Action: Embassy Moscow)

**Recommendation 42:** Embassy Moscow should request, and the Bureau of Information Resource Management should provide, a cable remediation team to improve cabling, optimize network bandwidth, and develop wiring diagrams of Consulate General Vladivostok. (Action: Embassy Moscow, in coordination with IRM)

**Recommendation 43:** Embassy Moscow should establish a system to monitor sales of duty free alcohol to prevent unauthorized resale. (Action: Embassy Moscow)

**Recommendation 44:** Embassy Moscow should assign receiving duties to appropriate personnel, maintain separation of duties among the property management staff, and establish a central receiving area in Consulate General St. Petersburg. (Action: Embassy Moscow)

**Recommendation 45:** Embassy Moscow should designate a staff member to track and measure compliance with the informal recommendations made during the inspection. (Action: Embassy Moscow)

## INFORMAL RECOMMENDATIONS

Informal recommendations cover operational matters not requiring action by organizations outside of the inspected unit and/or parent regional bureau. Informal recommendations will not be subject to the OIG compliance process. However, any subsequent OIG inspection or on-site compliance review will assess the mission's progress in implementing the informal recommendations.

### Political and Economic Affairs

Washington consumers praise the mission's biographic reporting but need more leadership analysis as the succession to President Putin approaches in 2008. The embassy does not have a biographics coordinator, and its files are outdated.

**Informal Recommendation 1:** Embassy Moscow should appoint a biographics coordinator and expand its program of classified leadership analysis.

Supporting a particularly heavy flow of official visitors cuts deeply into reporting and advocacy work. Many reporting officers spend too much time figuring out exactly what a control officer needs to do.

**Informal Recommendation 2:** Embassy Moscow should develop and maintain a checklist of procedures for visit control officers in the reporting sections, ensuring that it provides all information they will need.

One political officer spends too much time on Leahy Amendment vetting procedures, compiling paper records of routine checks with databases. The current system does not ensure against last-minute substitutions.

**Informal Recommendation 3:** Embassy Moscow should request new guidance from the Bureau of Democracy, Human Rights, and Labor on how to streamline Leahy Amendment vetting, including greater use of e-diplomacy recordkeeping tools.

The political and economic sections, in particular, do not maintain an effective contact list that permits new officers to access subject matter experts or useful contacts.

**Informal Recommendation 4:** Embassy Moscow should maintain a contact management system for the economic and political sections that provides their officers with current, secure, and interoperable lists of contacts that include assessments of reliability and are searchable by issue as well as name.

Assignment of a single officer to compile an annual report on assistance has improved the embassy's coordination of assistance programs. If this position is eliminated as planned in 2007, the embassy will need to reassign its work. Because of a shift in focus from economic growth to democracy and health, it no longer necessarily needs to be done by the economic section but could also be accomplished by the science or political section.

**Informal Recommendation 5:** Embassy Moscow should determine, in consultation with the Bureau of European and Eurasian Affairs, how it plans to carry out this work before eliminating the position of assistance coordinator.

## **Law Enforcement**

Some Russian government officials are becoming more resistant to American advice in the law enforcement area. While U.S. programs are better designed and managed than they used to be, bilateral relations are strained.

**Informal Recommendation 6:** Embassy Moscow should coordinate its programs on judicial and criminal procedures to international donors, especially the European Union, in order to maximize their acceptance by the Russian participants.

Although INL employees in Embassy Moscow are not officially designated as grants officer representatives for some Washington-managed grants, there seems to be an expectation that they monitor the grantees' activities.

**Informal Recommendation 7:** Embassy Moscow should request that the Bureau of International Narcotics and Law Enforcement Affairs clarify the embassy's responsibility for oversight and monitoring of those grants managed in Washington.

When Embassy Moscow provides INL funds to other agencies to fulfill objectives in letters of agreement, those agencies rarely notify Embassy Moscow and INL that programs are completed as required in funding cables.

**Informal Recommendation 8:** Embassy Moscow should notify those agencies receiving Bureau of International Narcotics and Law Enforcement Affairs funding that they are expected to meet funding cable requirements.



A significant amount of INL funds from prior years remains unliquidated. During the inspection, the mission was focusing on spending its 2001 funding so that it would not expire.

**Informal Recommendation 9:** Embassy Moscow should not wait until the year funds are to expire to make progress on objectives outlined in letters of agreement.

## **Public Diplomacy**

The PAS, Broadcasting Board of Governors operations in Russia, and NGOs through which much of U.S. public diplomacy is executed are losing staff to better salary and benefits packages in the private sector.

**Informal Recommendation 10:** Embassy Moscow should share relevant information on mission efforts to address locally employed staff salary issues with the Broadcasting Board of Governors entities in Russia.

Public affairs section grants files are otherwise in very good order, but program reports, now kept in the program office files, need to be kept in the grants files along with the financial reports.

**Informal Recommendation 11:** Embassy Moscow should review grants files to make sure that program reports, or at least a signed summary sheet of the program report, are included in the same file as the financial report on the grant.

Some small travel grant files do not include a request for a program report or a response from the grantee.

**Informal Recommendation 12:** Embassy Moscow should routinely send letters to grantees informing them that a program report is required before they can apply for another grant. Copies of these outgoing letters should be included in the files.

PAS at the embassy and the consulates general have had misunderstandings over services requested from the GSO and the FMO over what the PAS is entitled to and how timely service should be.

**Informal Recommendation 13:** Embassy Moscow should review categorically, service-by-service, reasonable expectations of responsibility and timeliness for administrative support services to the public affairs sections of the mission.

PAS in St. Petersburg has a busy program, with numerous grants and expenditures. The PAO in St. Petersburg has a warrant and grants training and experience. St. Petersburg staff believes that with a clearly defined working budget and limited grants authority they could plan activities more efficiently.

**Informal Recommendation 14:** Embassy Moscow should review the budget and grants needs of the public affairs section in St. Petersburg, the time required for processing grants and vouchers, and determine the advantages of giving St. Petersburg limited grants authority and a budget for local expenses.

Both Embassy Moscow and Consulate General St. Petersburg have cars or drivers dedicated to the PAS.

**Informal Recommendation 15:** Embassy Moscow should crosswalk the St. Petersburg public affairs driver to the consulate motor pool, confirm that the Moscow distribution clerks' workload justifies their position descriptions, and formally designate them as "self-drivers."

There is no single database for managing mission contacts. The Moscow protocol office and the public affairs section have a program that satisfies their needs. St. Petersburg has no common system but is ready to try the Goldmine application.

**Informal Recommendation 16:** Embassy Moscow should permit the consulate in St. Petersburg to implement a common contact management system if the Department does not have an alternate solution in development.

**Informal Recommendation 17:** Embassy Moscow should confirm that there is no simple way to transfer information from the system in use in Moscow to another application like Goldmine.

The Department prefers that IIP manage overseas web sites. Embassy Moscow has resisted participating in the Department's CMS because that system may not be able to support the advanced media applications that Moscow wants to use.

**Informal Recommendation 18:** Embassy Moscow should engage the Bureau of International Information Programs to clarify the capacity of the bureau's content management system to support the desired media outreach activities. If the bureau's system cannot support the applications, then the mission should move forward on its own. St. Petersburg, if it does not require additional capacity, should enroll in the content management system.

Mission elements compete to participate in the International Visitor Program but sometimes fail to participate in debriefings or maintain contact with alumni, thus undercutting the long-term value of the program.

**Informal Recommendation 19:** Embassy Moscow should implement a policy that embassy sections debrief and maintain contact with their International Visitor Program nominees.

Russia has a vast number of programs and alumni. The grantees who manage the exchange program often treat the alumni data as privileged information. When grants for long-term exchange programs move from one grantee to another, alumni data can be lost.

**Informal Recommendation 20:** Embassy Moscow should reestablish the alumni working group to facilitate a common alumni database in cooperation with the Bureau of Educational and Cultural Affairs.

**Informal Recommendation 21:** Embassy Moscow should encourage the Bureau of Educational and Cultural Affairs to amend requests for proposals for future grants so that information on Russian alumni becomes the property of the granting agency.

Reporting demands are heavy, and it is difficult for officers from non-public diplomacy sections to fit public diplomacy into their travel schedules.

**Informal Recommendation 22:** Embassy Moscow should make public diplomacy outreach part of every Foreign Service officer's work requirements, outreach activities, and the mission's travel plans.

The Moscow information resource officer position moved to Warsaw. That officer had responsibility for the ordering of materials for America Corners and for much of their professional guidance. An assistant cultural affairs officer now has some of those responsibilities, but it is not clear where all responsibilities lie.

**Informal Recommendation 23:** Embassy Moscow should clarify with the regional information officer in Warsaw the roles of each office in the support of the American Corners and develop a plan for their regular maintenance.

## **Consular Affairs**

Moscow's antiquated, multistorey consular section has inadequate lines of sight, particularly in the NIV unit where all the consular officers have cubicles on one floor while several LE staff work unsupervised on another floor.

**Informal Recommendation 24:** Embassy Moscow should intersperse the officer cubicles among the several nonimmigrant visa unit work areas to ensure maximum line of sight.

A formerly robust newcomer training program appears to have lapsed. One NIV ELO has undertaken the single-handed reinvigoration of the training program and is drawing on training materials developed at other posts for guidance. Consular management appears to have given her little direction.

**Informal Recommendation 25:** Embassy Moscow should assign the deputy consul general the oversight and coordination of the entry-level officer's development of the consular orientation and training program.

On the monthly training days, the NIV officers and LE staff have separate unit meetings or training sessions. There is relatively little interaction between the two groups in formal training or meeting settings, and synergy between the two groups is lost.

**Informal Recommendation 26:** Embassy Moscow should establish regular nonimmigrant visa all hands meetings to discuss both process and policy issues.

The consul general has oversight for the three constituent consular sections. He or the deputy consul general travel to each post once a year although they are in regular telephone and e-mail contact. This yearly travel has not provided the ideal level of oversight and coordination.

**Informal Recommendation 27:** Embassy Moscow should provide the consular section sufficient travel funds to permit at least two annual trips by consular managers to each constituent post.

Two consular LE staff work in the NIV waiting room, moving clients, matching them with their documents, and assigning them to interviewing windows. This workflow arrangement leaves applicants' passports unsecured and provides the potential for inappropriate influence on the visa process.

**Informal Recommendation 28:** Embassy Moscow should use its call center contract to hire waiting room facilitators who are not direct-hire employees and do not have ready access to the internal access doors.

**Informal Recommendation 29:** Embassy Moscow should implement workflow that keeps applicants' passports and documents inside the hardline and that guarantees applicants random access to the interviewing officer.

Embassy Moscow's IV and NIV units do not have enough photo image capturing cameras, inhibiting productivity.

**Informal Recommendation 30:** Embassy Moscow should request sufficient photo image capturing cameras for the immigrant and nonimmigrant visa units.

Mission Russia's consular sections do not comply with Records Management or Foreign Affairs Handbook record retention guidance.

**Informal Recommendation 31:** Embassy Moscow should comply with file control mandates and seek retention requirement waivers from the Bureau of Consular Affairs if consular sections require exceptions.

Embassy Moscow's IV unit sometimes reviews applications five or six times before visa issuance.

**Informal Recommendation 32:** Embassy Moscow should streamline its immigrant visa data entry and quality control process.

Embassy Moscow uses LE staff for general NIV document prescreening as well as for work visa prescreening in a way that borders on quasi adjudication. 9 FAM 41.103 cautions against any type of LE staff screening that encroaches on adjudication.

**Informal Recommendation 33:** Embassy Moscow should revise the way it uses locally employed staff to review nonimmigrant visa documentation so that local staff are not making recommendations for or against visa issuance or even appearing to do so.

## **Management**

The DCM has regularly scheduled communications with the principal officers of the consulates general; the Moscow management officer does not communicate with the management section chiefs on a regular basis.

**Informal Recommendation 34:** Embassy Moscow should have regularly scheduled telephone calls to the management officer at each constituent post.

## **Human Resources**

In cases where permanent positions are filled by people on repeated TDY, the embassy does not link the persons to any authorized complement under NSDD-38.

**Informal Recommendation 35:** Embassy Moscow should require linkage to an authorized NSDD-38 position when approving temporary duty personnel arriving to fill permanent positions.

Country clearance requests for TDY personnel do not always get to the HR or financial management sections.

**Informal Recommendation 36:** Embassy Moscow should establish a system to provide the human resources and financial management offices with copies of appropriate country clearance cables.

The embassy does not keep statistical data on scores achieved by students attending the Tver Russian language program.

**Informal Recommendation 37:** Embassy Moscow should maintain records of before and after language test scores to measure the effectiveness of the Tver program.

Embassy Moscow promoted a number of LE staff to supervisory positions in FY 2006. Although the supervisors are embracing their new roles, they have not all had the necessary training for their new positions.

**Informal Recommendation 38:** Embassy Moscow should provide the necessary training to all local staff promoted into supervisory positions.

### **General Services**

Embassy Moscow establishes maximum and minimum stock levels for maintenance supplies but does not document a bona fide need for those items.

**Informal Recommendation 39:** Embassy Moscow should continue establishing maximum and minimum stock levels for maintenance supplies and document a bona fide need for those items.

Embassy Moscow conducted one spot check in FY 2006 on its nonexpendable property and expendable supplies.

**Informal Recommendation 40:** Embassy Moscow should perform periodic spot checks of inventories to verify the accuracy of the recorded information.

Embassy Moscow is treating government-owned cell phones as expendable supplies without ensuring proper accountability if they are lost or damaged as required in 14 FAM 414.1-1.

**Informal Recommendation 41:** Embassy Moscow should maintain an inventory control for all cell phones and assess proper charges if they are lost or damaged.

Embassy Moscow checkout procedures are not clear about liability in damages charges as required in 14 FAM 416.5-3.

**Informal Recommendation 42:** Embassy Moscow should clarify the employee's liability if the employee damages government-issued property.

Bulk fuel located in the warehouse has not been inventoried or included in the embassy's property management report.

**Informal Recommendation 43:** Embassy Moscow should establish inventory controls for the bulk fuel located in the warehouse and report its inventory usage as part of the property management report.

The medical unit provides a certification of its inventory of medications and drugs without supporting documentation.

**Informal Recommendation 44:** Embassy Moscow's medical unit should provide to the property management section supporting documentation for its medication and drug inventory.

First aid kits were not available in all official vehicles.

**Informal Recommendation 45:** Embassy Moscow should place first aid kits in all official vehicles.

Some drivers do not require passengers to use seat belts.

**Informal Recommendation 46:** Embassy Moscow should enforce the requirement for use of seat belts for all passengers.

Some vehicle seat belts are inoperative.

**Informal Recommendation 47:** Embassy Moscow should examine and repair seat belts in all vehicles.

Entry-level officers complain that the official motor pool policy does not provide a control officer with transportation home or to the embassy even if the officer is left downtown late at night after delivering the delegation to a hotel. Sometimes the control officers are left stranded far from a metro station or in dangerous places.



**Informal Recommendation 48:** Embassy Moscow should clarify its official motor pool policy on transportation arrangements for control officers during delegation visits.

Three local employees who work in the public affairs section are using self-drive vehicles for the distribution of public affairs publications and invitations. According to the embassy's official vehicle use policy, this is not authorized.

**Informal Recommendation 49:** Embassy Moscow should correct its official vehicle use policy if it is determined that the public affairs employees should continue using self-drive vehicles to make deliveries of public affairs publications and invitations.

The purchase cards transactions are not bulk funded.

**Informal Recommendation 50:** Embassy Moscow should bulk fund purchase cards transactions.

Some TDY employees from Embassy Moscow, who travel to St. Petersburg for official business, stay in hotels when U.S. government-owned quarters are available.

**Informal Recommendation 51:** Embassy Moscow's temporary duty employees should stay in government-owned quarters whenever possible when visiting Consulate General St. Petersburg.

The embassy web site does not have general information about customs and shipping procedures although such a link would be valuable for new arrivals. The embassy relies primarily on the cable sent to newcomers by the human resources section that contains general information about packing and shipping personal effects.

**Informal Recommendation 52:** Embassy Moscow should place on its web site a link with general information for newcomers about customs and shipping procedures.

### **Financial Management**

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**Informal Recommendation 53:**

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The number of Embassy Moscow's cashiering transactions has reduced significantly over the last few years. Despite the change in workload, the mission still maintains two full-time cashiers.

**Informal Recommendation 54:** Embassy Moscow should reassign workload in the financial management section to reduce time allocated to cashiering operations and increase time allocated to vouchering.

The supervisory voucher examiner worked in an accounting position before being promoted. Although she had worked in the vouchering section a number of years ago, her expertise in dealing with certain vouchers is outdated.

**Informal Recommendation 55:** Embassy Moscow should send the supervisory voucher examiner to the advanced voucher examination course.

Embassy Moscow's financial management voucher examiner responsible for processing St. Petersburg vouchers needs customer service training.

**Informal Recommendation 56:** Embassy Moscow should send the Moscow voucher examiner who processes St Petersburg's vouchers to customer service training.

Embassy Moscow has not provided for continuity of services when PAE staff are scheduled to depart post. For example, the employee who has been responsible for managing the mission's cost-of-living increases and allowances for the last five years will be leaving at the end of 2006. No other employee in the mission is familiar with these allowances, and the financial management section will have difficulty dealing with the workload.

**Informal Recommendation 57:** Embassy Moscow should start training contract staff in those areas where there is no formal training program and no fully trained backup.

Voucher examiners and certification officers do not have all valid contract and grant warrants on hand, including those from other agencies located in consulates general.

**Informal Recommendation 58:** Embassy Moscow should obtain contract and grant warrants for all mission and consulate general employees who have authority to create obligations.

Embassy Moscow is recording INL subobligations in the Department's official accounting system before the subobligating documents are actually signed by warranted contracting officers, contrary to INL's Financial Management Handbook. (The mission may document commitments in financial management activity reports before warranted contracting officers sign obligating documents.)

**Informal Recommendation 59:** Embassy Moscow should record Bureau of International Narcotics and Law Enforcement Affairs subobligations in the Department's official accounting system only when signed by a warranted contracting officer.

Although the INL accountant has done a good job maintaining INL accounts, she is not up to date on INL's most recent standard operating procedures. INL accounting procedures have changed numerous times over the last five years.

**Informal Recommendation 60:** Embassy Moscow should send the appropriate accountant to annual Bureau of International Narcotics and Law Enforcement Affairs conferences.

Embassy Moscow is purchasing stamps for the army post office. The payment is posted originally to the special deposit account.

**Informal Recommendation 61:** Embassy Moscow should require the American Employee Community Association to purchase stamps for the army post office rather than having the embassy financial management office perform that function.

There is confusion within the financial management section on how to deal with medical reimbursements.

**Informal Recommendation 62:** Embassy Moscow should clarify for embassy employees what responsibilities the employee and the financial management section have for processing medical reimbursements.

Only about 25 percent of the mission employees use travel manager to create travel vouchers. Using electronic systems reduces the time required to process travel vouchers by 10 days.

**Informal Recommendation 63:** Embassy Moscow should require that employees use electronic systems to file travel vouchers.

During every one of the mission's last three high-level official visits, procurement staff obligated funds that were not available. One of the obligations was about \$1 million.

**Informal Recommendation 64:** Embassy Moscow should remind procurement staff that they must check funds availability before committing government funds.

## **American Employee Community Association**

The AECA has operated at a loss for the last few years. In responding to a May 2006 Office of Commissary and Recreation Affairs recommendation, the association came up with a plan to limit its losses. The plan does not appear to offer solutions to existing cost centers currently reporting losses.

**Informal Recommendation 65:** Embassy Moscow should assist the American Employee Community Association to review the one cost center that reports regular losses to determine where those losses can be reduced.

The AECA has not implemented the internal controls necessary to protect association assets as recommended by the Office of Commissary and Recreation Affairs in May 2006.

**Informal Recommendation 66:** Embassy Moscow should assist the American Employee Community Association board to conduct random and unannounced spot checks of cash and inventories monthly and conduct regular reviews of bank reconciliations quarterly.

A number of mission employees are concerned that they are subsidizing AECA facilities that they never use.

**Informal Recommendation 67:** Embassy Moscow should assist the American Employee Community Association to review its fee system so that employees housed off compound and not likely to use recreation facilities are not subsidizing employees living in on-site housing.

High commissary prices were a major source of complaints by members.

**Informal Recommendation 68:** Embassy Moscow should assist the American Employee Community Association to establish a task force to review commissary pricing.

To improve management controls, the Office of Commissary and Recreation Affairs suggests that associations change audit firms every few years.

**Informal Recommendation 69:** Embassy Moscow should require the American Employee Community Association to change auditors as suggested.

## **Information Management**

ISC and IPC personnel have not had sufficient opportunity to get crosstraining outside of providing coverage during times of short staffing.

**Informal Recommendation 70:** Embassy Moscow should develop a rotation that allows information programs center staff to serve in the information systems center for a period of time, and vice versa, to provide sufficient cross training of staff.

The posted notice informing embassy personnel of authorized use of mail, pouch, and army post office privileges is outdated and improperly references OIG, rather than 5 FAH 10, as a source of policy on authorized use of such services.

**Informal Recommendation 71:** Embassy Moscow should develop and disseminate a new policy document, signed by the Ambassador or deputy chief of mission, regarding authorized use of mail, pouch, and army post office privileges based on relevant Department policy and army post office regulations.

## **Consulate General St. Petersburg**

There is no housing questionnaire describing housing areas for incoming personnel.

**Informal Recommendation 72:** Embassy Moscow should develop in Consulate General St. Petersburg a housing questionnaire that includes detailed descriptions of the housing areas.

**The hours of the motor pool drivers are not staggered to provide proper services.**

**Informal Recommendation 73:** Embassy Moscow should stagger the working hours of the motor pool drivers in Consulate General St. Petersburg to provide proper services.

The consulate general's housing handbook includes incorrect information.

**Informal Recommendation 74:** Embassy Moscow should update the housing handbook for Consulate General St. Petersburg in accordance with Department regulations.

There are no official visitor standard operating procedures.

**Informal Recommendation 75:** Embassy Moscow should establish official visitor standard operating procedures, laying out roles and responsibilities during official visits to Consulate General St. Petersburg.

Consulate St. Petersburg has not fully implemented all the recommendations of the 2005 SHEM report and the 2006 fire report.

**Informal Recommendation 76:** Embassy Moscow should implement and report on corrective actions for the 2006 Fire and the 2005 Safety, Health, and Environmental Management reports for Consulate General St. Petersburg.

The management officer does not have financial management training. Miscommunications last year on the status of funds resulted in missed opportunities.

**Informal Recommendation 77:** Embassy Moscow should establish monthly contact between its financial management officers and Consulate General St. Petersburg's management officer to discuss the status of funding available in all accounts.

The household inventories in Consulate St. Petersburg are not accurate.

**Informal Recommendation 78:** Embassy Moscow should perform a complete household inventory in Consulate General St. Petersburg.

Although the management officer has been conducting monthly cash reconciliations, she was not trained to do so by a financial management officer.

**Informal Recommendation 79:** Embassy Moscow should send a financial management officer to Consulate General St. Petersburg to conduct a cash reconciliation and to train the management officer on conducting cash reconciliations.

Consulate General St. Petersburg has 21 occasional money holders that include every employee in the GSO section. In 2002, all GSO employees were designated as occasional money holders for a presidential visit; those privileges have not been reviewed since.

**Informal Recommendation 80:** Embassy Moscow should review and decrease the number of occasional money holders in Consulate General St. Petersburg.

Consulate General St. Petersburg has not ensured that consular collections were recorded by the financial services center monthly as required in 7 FAH-1 H-771.3d.

**Informal Recommendation 81:** Embassy Moscow should verify that consular collections from Consulate General St. Petersburg are recorded by the financial services center.

The nurse, who works 40 hours a week, is underutilized.

**Informal Recommendation 82:** Embassy Moscow should give the nurse in St. Petersburg additional responsibilities or reduce her working hours.

### **Consulate General Yekaterinburg**

Some vehicles appear to be underutilized in Consulate General Yekaterinburg.

**Informal Recommendation 83:** Embassy Moscow should assist Consulate General Yekaterinburg to review vehicle usage and downsize its fleet, if appropriate.

A spot check of items in the warehouse at Consulate General Yekaterinburg was not possible because the otherwise acceptable warehouse was too cluttered.

**Informal Recommendation 84:** Embassy Moscow should assist Consulate General Yekaterinburg to review its holdings in the warehouse with a view to eliminate some items.

**Informal Recommendation 85:** Embassy Moscow should require Consulate General Yekaterinburg to verify its property records with a spot check after the warehouse stock has been inventoried.

Some management records are kept in an aisle where the general public has access.

**Informal Recommendation 86:** Embassy Moscow should instruct Consulate General Yekaterinburg to review its file holdings and train staff in the appropriate manner of filing or disposal.

### **Consulate General Vladivostok**

Procurement LE staff do not appear to have a strong understanding of procurement procedures, particularly the requirement to document actions.

**Informal Recommendation 87:** Embassy Moscow should provide Consulate General Vladivostok with instructions on the proper documentation of procurement actions.

One procurement LE staff has not had appropriate training.

**Informal Recommendation 88:** Embassy Moscow should provide Consulate General Vladivostok locally employed staff with appropriate training.



Consulate General Vladivostok is in the process of converting property records from paper to electronic media. The OIG team was not able to inspect property records.

**Informal Recommendation 89:** Embassy Moscow should instruct Consulate General Vladivostok to reconcile property records when the conversion is completed.

Consulate General Vladivostok appears to have more residential furniture than a post of its size needs.

**Informal Recommendation 90:** Embassy Moscow should instruct Consulate General Vladivostok to review its furniture holdings.

US&FCS and Foreign Agricultural Service LE staff make petty case purchases of expendable items with no oversight by an officer with a warrant.

**Informal Recommendation 91:** Embassy Moscow should instruct Consulate General Vladivostok on the permissibility of this practice.

Consulate General Vladivostok has not completed a submission of information technology inventory for inclusion in the e-score database. Without an accurate inventory of information technology equipment in e-score, the consulate will not get the appropriate refresh of hardware through the GITM program.

**Informal Recommendation 92:** Embassy Moscow should update the e-score database with an accurate inventory of information technology equipment at Consulate General Vladivostok.

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**PRINCIPAL OFFICIALS**

	<b>Name</b>	<b>Arrival Date</b>
Ambassador	William J. Burns	08/05
Deputy Chief of Mission	Daniel A. Russell	07/05
Chiefs of Sections:		
Consular	James Pettit	08/03
Economic	Pamela Quanrud	08/04
Environment, Science and Technology	Daniel O'Grady	08/05
Management	James D. Melville, Jr.	09/05
Law Enforcement Policy and Assistance	Nancy Pettit	08/03
Political	Alice Wells	08/06
Public Affairs	James Kenney	05/06
Regional Security	Robert Barton	08/04
Consul General St. Petersburg	Mary Kruger	07/05
Consul General Vladivostok	John M. Pommersheim	08/04
Consul General Yekaterinburg	John Stepanchuck	08/05
Other Agencies:		
DOA/Foreign Agricultural Service	Allan P. Mustard	08/03
DOC/U.S and Foreign Commercial Service	Dorothy L. Lutter	08/03
DOD/Defense Threat Reduction Office	Col. Jeffrey A. Stimson	07/06
Department of Defense	Gen. Daniel R. Eagle	02/06
JCSD/Prisoners of War/Missing In Action	Henry Eastman	05/06
Department of Energy	J. Mark Whitney	04/05

DHS/Bureau of Citizenship and Immigration Services	Vacant	
DHS/Bureau of Immigration and Customs Enforcement	Marshall N. Heeger	05/06
DHS/U.S. Secret Service	Vacant	
DOJ/Drug Enforcement Administration	Steven R. Monaco	03/05
DOJ/Federal Bureau of Investigation	Jeffrey Iverson	05/05
National Aeronautics and Space Administration	Dennis McSweeney	08/05
U.S. Agency for International Development	Desaix Terry Myers	08/03

## ABBREVIATIONS

ACO	Accountable consular officer
ACS	American citizens services
AECA	American Employee Community Association
A/RSO-I	Assistant regional security officer-investigators
BPA	Blanket purchase agreement
CA	Bureau of Consular Affairs
CG	Consul general
CLO	Community liaison office
CMS	Content Management System
DCM	Deputy chief of mission
D&CP	Diplomatic and Consular Programs
Department	Department of State
DHS	Department of Homeland Security
DHS/CIS	Department of Homeland Security, Citizenship and Immigration Services
EFM	Eligible family member
ELO	Entry-level officer
FMO	Financial management officer
FPU	Fraud prevention unit
FSN	Foreign Service national
GITM	Global Information Technology Modernization
GSO	General services office
HR	Human resources
ICASS	International Cooperative Administrative Support Services

IIP	Bureau of International Information Programs
IM	Information management
IMO	Information management officer
INL	Bureau of International Narcotics and Law Enforcement Affairs
ISC	Information systems center
ISN	Bureau of International Security and Nonproliferation Policy
ISO	Information systems officer
ISSO	Information systems security officer
IV	Immigrant visas
MPP	Mission Performance Plan
NASA	National Aeronautics and Space Administration
NEC	New embassy compound
NGO	Nongovernmental organization
NIV	Nonimmigrant visa
NOX	New office annex
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
PAE	Pacific Architects & Engineers
PAO	Public affairs officer
PAS	Public affairs section
RIMC	Regional information management center
RSO	Regional security officer
SHEM	Safety, health, and environmental management
TDY	Temporary duty
USAID	U.S. Agency for International Development
US&FCS	U.S. and Foreign Commercial Service
VOA	Voice of America

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